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INDUSTRIAL RECONSTRUCTION

EDITED BY
HUNTLY CARTER

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2. Economic history - St. Rev., 1878-1918.
3. Labor - St. Rev., 1914-

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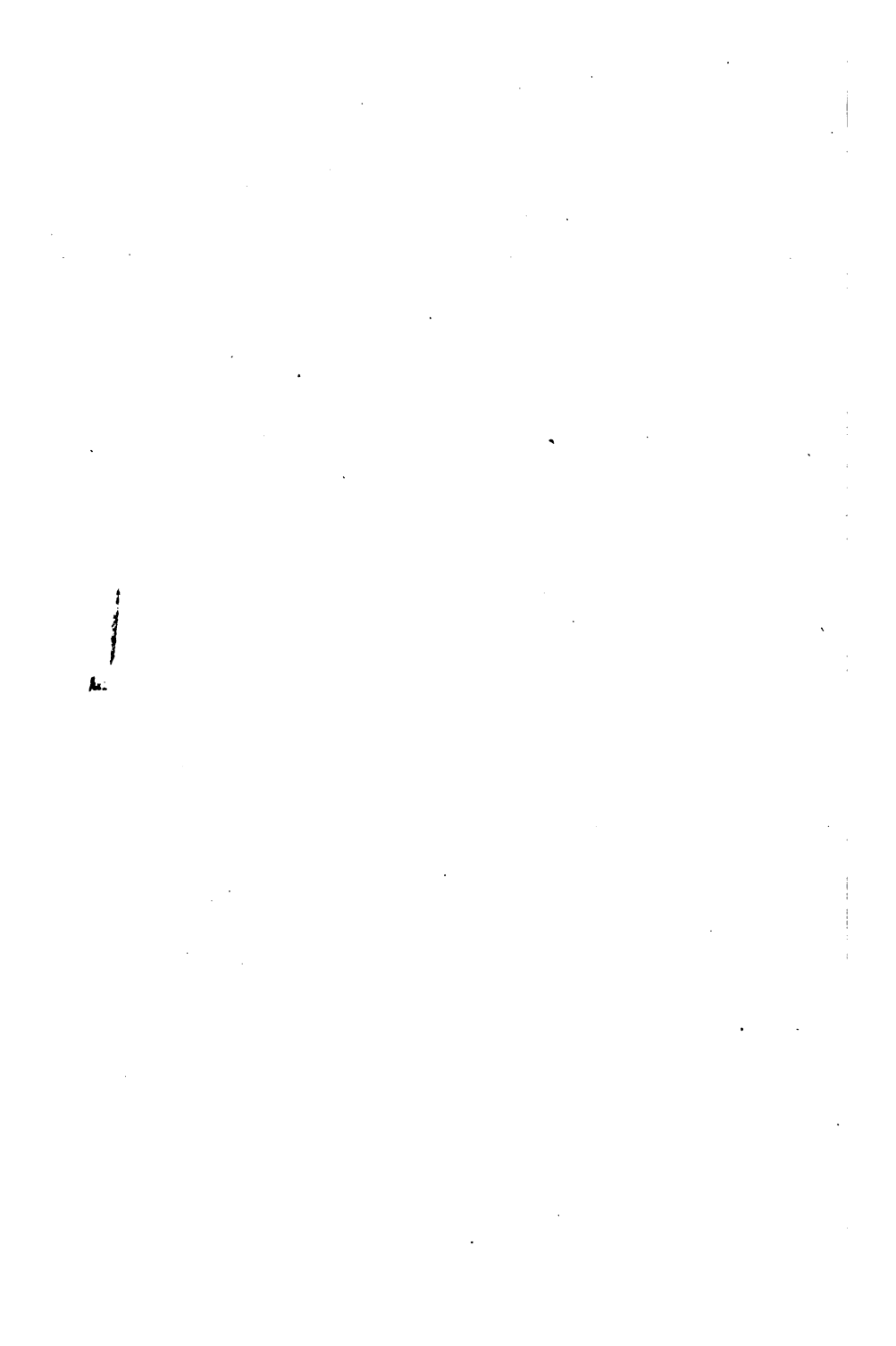
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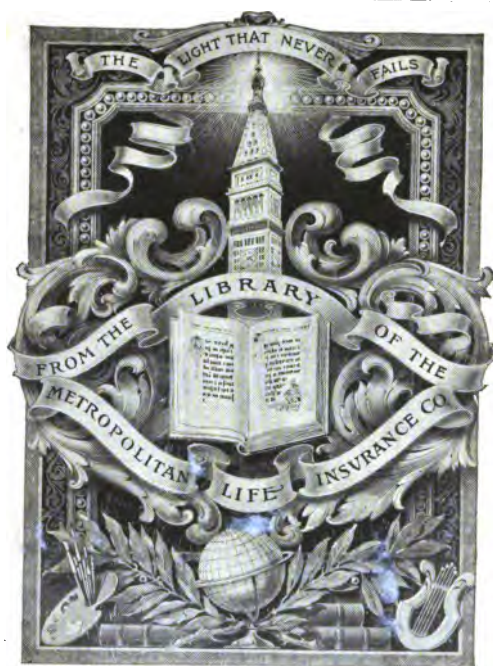
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INDUSTRIAL RECONSTRUCTION

A SYMPOSIUM
ON
THE SITUATION AFTER THE WAR
AND
HOW TO MEET IT

EDITED BY HUNTLY CARTER

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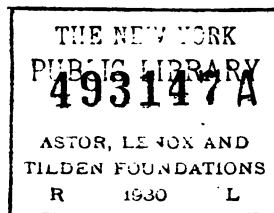
WELLESLEY LIFE CO.

NEW YORK
E. P. DUTTON AND COMPANY

681 FIFTH AVENUE

1918

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PREFACE

THIS book contains the results of an inquiry recently undertaken to ascertain the opinions held by a large number of distinguished public persons on one of the greatest, if not the greatest, of the problems this country must face after the War. I refer to the problem of the industrial situation.

The questions were as follows ;

(1) What in your opinion will be the industrial situation after the War as regards
(a) Labour ; (b) Capital ; (c) the Nation as a single commercial entity ?

(2) What in your view is the best policy to be pursued by (a) Labour ; (b) Capital ; (c) the State ?

The contributions appeared during the six months beginning November, 1916, and ending April, 1917, serially in the *New Age*, with the exception of some that arrived when this book was going to press, and additions with which certain contributors increased

their replies. This matter is now published for the first time.

Let me at the outset say that I owe sincere thanks for the contributions, and for the courtesy and consideration I received from every quarter from which I invited contributions. As will be seen in a glance at the list of contributors to the present symposium, the contributions have come from distinguished men and women all of whom have turned from very pressing work of national, and other immediate importance, to honour me by acceding to my request for their views.

I may say it is not a part of the purpose of this preface to attempt to summarise the contributions, even though it were possible to do so in a short space. And I do not think I need say more about their arrangement than no strict rule has been observed. There was bound to be a difficulty in classifying the contributors, seeing that many of them might very easily be placed in several classes. Thus, a certain national guildsman might also be considered as an art and craft guildsman and a Labour guildsman. So, for the sake of clearness and ready reference, I have pursued the general plan of the inquiry, and have placed contributors in the order of their special interests.

I cannot, of course, claim for myself any special

merit in conducting the symposium, although it is certainly not the first by many, that I have had the good fortune to conduct in significant London journals. But if a comprehension of the profound nature of the problem to be solved, an appreciation of the value of the contributions sought for, and the expenditure of time and thought in obtaining them, and the possession of tact and patience at a moment when such qualities are most desirable, are qualifications for success, I greatly claim them. On the other hand, with all the pertinacity in the world, nobody would elicit the variety, sincerity, ability and authority of the following contributions without the existence and active assistance of something more compelling than himself, at this moment. I refer to the national interest. Undoubtedly the minds of men in this country are intensely moved by this interest. They are indeed seriously and deeply moved in the direction of uneasy yet hopeful speculation concerning the problems of the future, and the industrial problem more than all. Is it peace that the War will bring, or is it a worse war than that in which we are engaged? And if peace, how shall we find it? What new feeling and thought, what new energy, what taste and refinement, aided by extended knowledge, will announce the appearance of this healthy movement? What

changes effected in the minds of industrialists will enable them to understand each other, and leave them to felicitate themselves on the discovery of the noble uses of harmony? And equally, undoubtedly, all men of good-will—employer and employed, professor and student of economics—have been anxious to contribute their quota of suggestion, criticism or speculation, as becomes the good citizen on an occasion such as the War presents. It is to this, in short, that I owe the existence of the opinions here offered to the public in a permanent form.

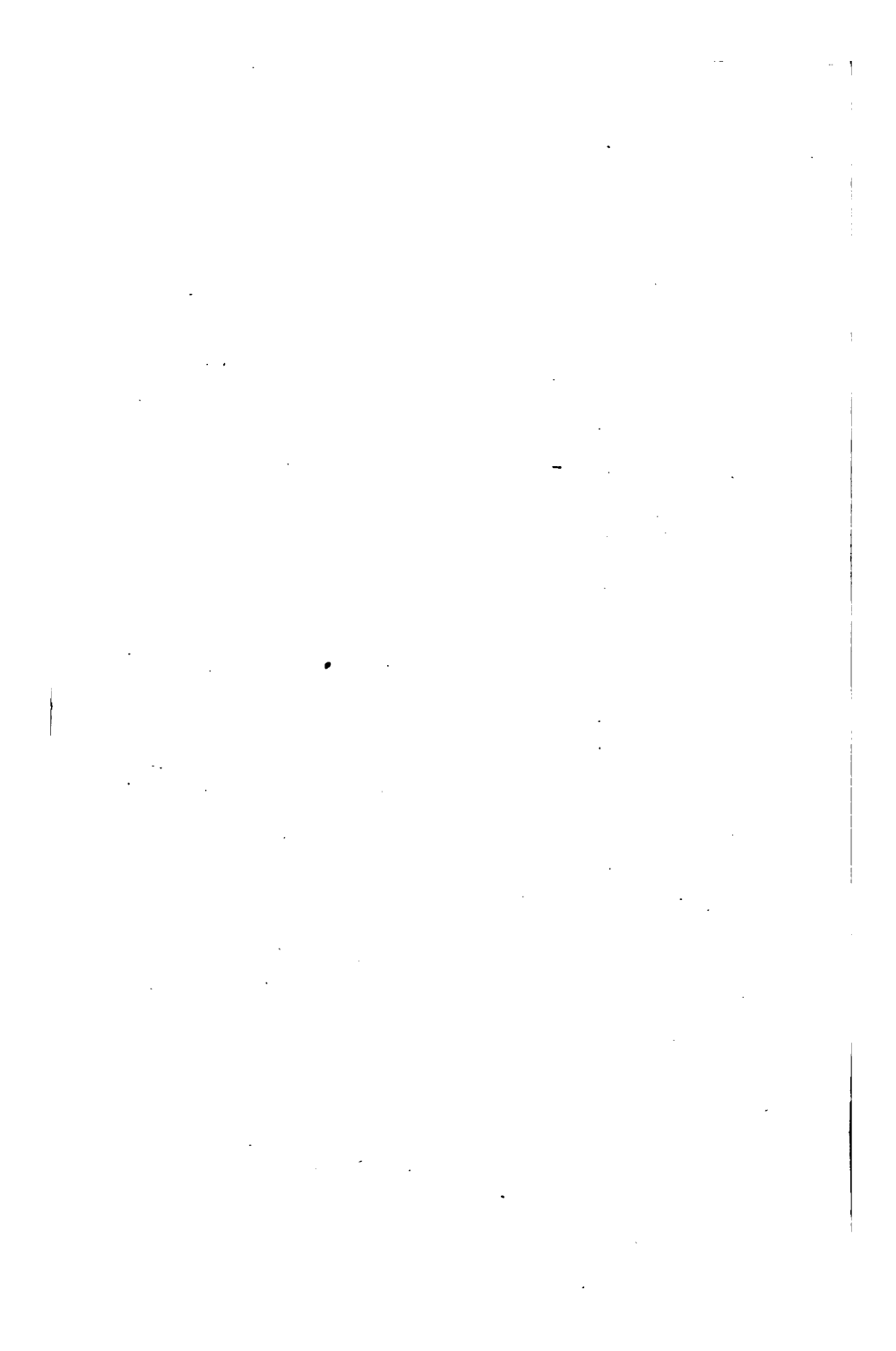
I should like to close this note of appreciation without a discordant word; but my readers may wish for an explanation of an omission from my contributors of all but a very few of our prominent Labour M.P.'s, and official representatives of trade unions, especially Women's Liberal, Social and Industrial organisations. May I say that it is not for want of effort and invitation on my part; nor, I am sure, for lack of courtesy on theirs. The fact remains with all its significance that the leading members of the Labour and Socialist movement have as a body declined, as they say, to "commit themselves" to the expression of an opinion upon a problem that as closely concerns them as anybody in the world; is, indeed, actually their own. I cannot believe that this intellectual

PREFACE

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timidity is of good augury for their share in a practical problem which seeks solution through eloquent outspokenness, and gains nothing from paths that are dumb. But having done my best I shall continue to hope for the best.

HUNTLY CARTER.



THE STATE VIEW

(a) NATIONAL

HON. SIR JOHN COCKBURN, K.C.M.G.

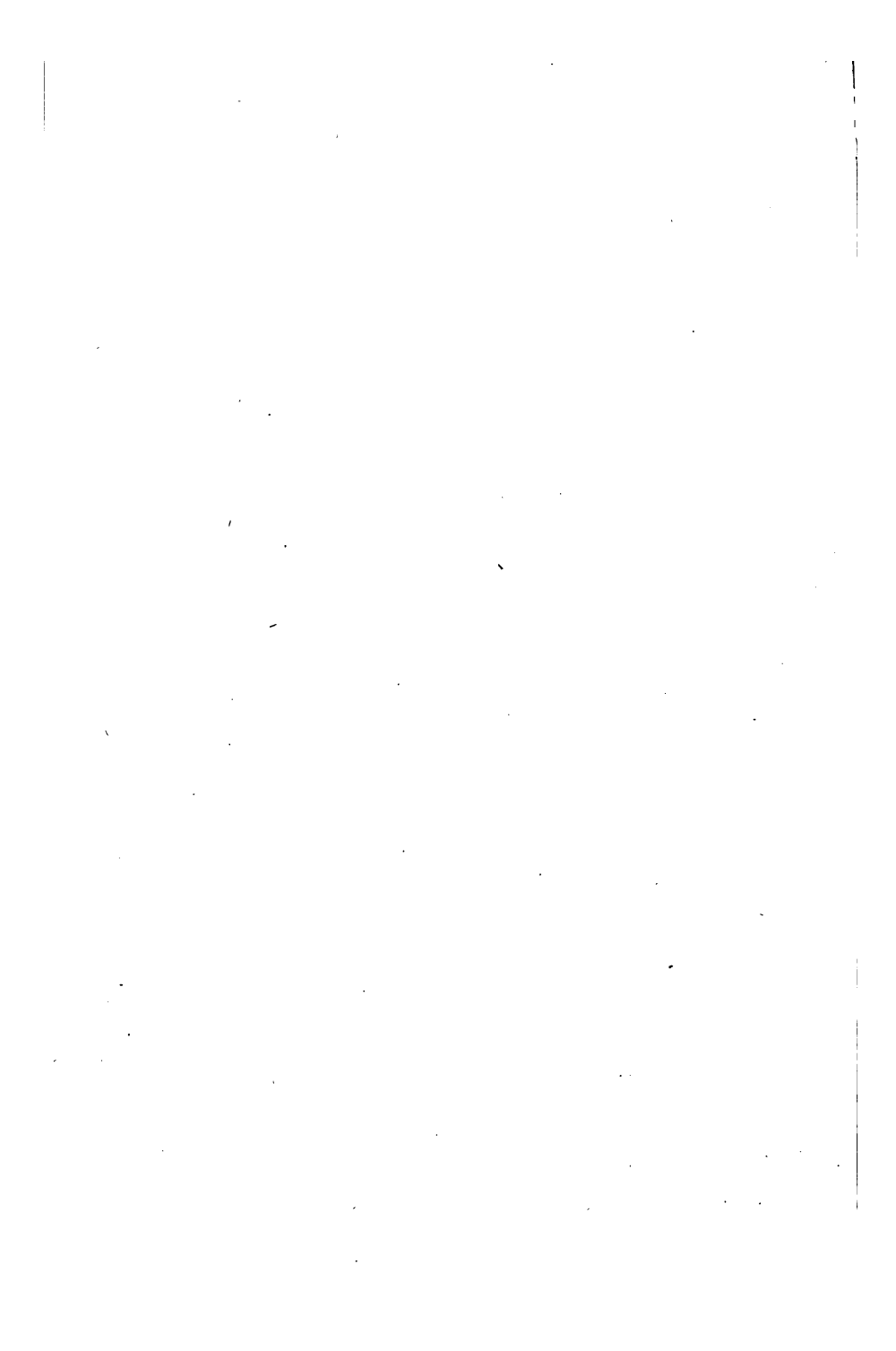
(b) IMPERIAL

P. H. KERR

(c) INTERNATIONAL

SIR GRAHAM JOHN BOWER, K.C.M.G.

R. W. SETON-WATSON



INDUSTRIAL RECONSTRUCTION

(a) NATIONAL

HON. SIR JOHN COCKBURN, K.C.M.G.

There is every probability that the enmity which so often exists between Capital and Labour will be lessened by the War. The vast majority of men and women in all classes are right-minded and well-disposed. They readily arrive at a mutual understanding when brought into contact with one another. It is ignorance of the conditions under which our fellow-mortals live which is the most frequent cause of estrangement, for, as the French proverb puts it, "To know all is to pardon everything." The sympathy engendered by a collective effort against a common foe has made the whole nation, and, indeed, the Empire, kin. Young bloods from Eton are working in munition factories alongside of artisans. Ladies of high rank deem it an honour to perform duties, however humble, in the service of the State. The lady of the manor in our neighbourhood takes her share of what would otherwise be regarded as menial tasks at the local military hospital, and sometimes acts as kitchen-maid to her

own cook. There is no cement like that of kindred blood poured out in common cause. The trenches and the battlefield are wonderful assimilators. It is but reasonable to suppose that the *camaraderie* of mutual sacrifices and dangers will yield a harvest of kindliness which will not be without influence in reconciling Capital and Labour. When, after the War, international rivalry again takes the normal form of competition in trade and industry, it will be recognised as never before that internecine strife in the industrial world is equivalent to a subsidy to the enemy. The natural law of a successful social organism demands co-operation within as a means towards effective competition with outside bodies.

Two problems in particular confront the nation as an industrial unit. When the anticipated peace arrives:—(1) The absorption in industry and commerce of our returning heroes; (2) the permanent employment of the women whom the War has called to active service. To these ends every industry which can be profitably carried on in this country must be encouraged. The old problem in the industrial world used to be: What is to be done with our boys? It will then be: What is to be done with our men and our women? Agriculture, the foundation industry, must at last receive fair play. Small holdings should be everywhere available, under the stimulus of a freehold. Deer forests on agricultural land will be unthinkable. The ancient prophetic denunciation of those who join house to house and land to land, till they dwell alone in the midst of the land, must be rescued from oblivion and given a practical application. Trade must, whenever possible, be kept in the

family. Great Britain must cease the ruinous habit of keeping open house for enemies. It was the granting of our vast markets to Germany on more favourable terms than to our own people that enriched our foes and placed them in a position to challenge the world. Universal experience has proved that the only effective way to encourage industry is by means of a tariff. It is regarded in the Dominions as a fallacy to suppose that it was Free Trade that made England great. Her industrial supremacy was built up by a rigid system of Protection, and it is under Free Trade that the lead in many of the greatest industries was lost. The tariff will have to be in several grades—preference within the Empire, most-favoured treatment for Allies, a special tariff for neutrals, with additional duties for enemy countries. A mark of origin to distinguish goods made within the Empire is also a common-sense and necessary step to which the most rigid Free Trader can take no exception. Courts of industrial conciliation and arbitration should be established. These should be easy of access, impartial in constitution, and speedy in decision. The industrial peace must be kept inviolate. Any infraction should be regarded as an offence at least equal to personal injury. Many of our forefathers thought it absurd that the State should interfere to prevent duelling. Industrial strife is a much greater menace to the welfare of a country than private quarrelling. The barbarous methods of strikes and lock-outs should be superseded by more civilised procedure. It is to the permanent interest of both Labour and Capital to institute laws to this end, and to visit any violation of them with condign and impartial punishment.

(b) IMPERIAL

MR. P. H. KERR

(Editor, *The Round Table*)

In regard to the first of your questions, I should say that we should go through a considerable period of unrest after the War. This unrest, however, I think, will arise, not from any revolutionary movement, but from the inevitable readjustment in the points of view and programmes of all concerned in industry, owing to the experience gained in the War. Hitherto a great part of the energy and organisation which ought to have been spent in productive enterprise has been spent in the struggle between employer and employed about the division of the product of their joint labours, while the public looked the other way, and only paid attention when the row threatened to endanger the public peace or their own supplies. We have all learnt in the War how fatal this attitude of mind must be for everybody, because we now see that industry is in essence national service—a service which must be conducted for the public benefit, and in which everybody must give a normal day of his best work in return for a fair day's pay. The readjustment of programmes and policies to this new idea will cause unrest; but if the motive of public service really overrules that of private interest among both employer and employed, I do not believe that it will produce serious trouble.

As to the practical measures of reform. I don't believe in universal nationalisation. I have served on a

State railway, and lost faith in public management as a universal panacea. There must be public supervision under certain conditions, and in the case of certain monopolies, public ownership, perhaps ; but that is as far, I think, as it is worth while to go, as a general rule. For the rest, I believe that the problem resolves itself down to finding the organisations best suited to give effect to the principle that industry must be conducted as a public service. The purpose of industry ought to be, I suggest, to provide :

(1) Adequate and ever-improving conditions of life for all its employees.

(2) Reasonable remuneration for capital.

(3) Improving products at reducing prices for the consumer.

That is conducting industry as a public service, and in industries conducted from this point of view you can also expect all employees to work their best during normal hours, and to surrender regulations and practices which restrict output.

The question is, how are you to get all industries conducted on these lines ? In great measure it can only come from a great change in public opinion, from a greatly increased sense of social responsibility and social service among all citizens. But it will also mean, I think, an alteration in the present system of appointing the boards of management. The responsibility now rests with Capital alone. That responsibility will gradually, I think, have to be shared with Labour and the community. But it is difficult to see exactly how this is to be done, especially in small scale industries. In any case, no good can come from placing difficulties in the way of the board

8 INDUSTRIAL RECONSTRUCTION

of management doing its own work. That board must always be composed mainly of persons expert in management, and, provided they have the public welfare in view, they must have full powers of control, and their instructions must be loyally carried out. Otherwise, industry will fail, and there will neither be high wages, fair dividends, nor reasonable prices for anybody. But the first thing is to get recognition for the general principle that industry must be conducted as a public service for the benefit of all concerned, and that all engaged in it must give the best work of which they are capable. Once this spirit prevails in industry, it will not be difficult to find the form of organisation necessary to give permanent effect to it.

(c) INTERNATIONAL

SIR GRAHAM JOHN BOWER, K.C.M.G.

I must begin by assuming certain axioms which are capable of proof, but the space available does not permit me to give as full and complete proof as I would wish. They are :

(1) That wages are dependent on production. A man who sits idle in his garden does not produce anything for himself, nor does he earn wages.

(2) That the amount and value of the products of labour are enormously increased by capital. A man digging with a pointed stick does not cultivate as much land as a man digging with a spade. The spade is a form of capital.

(3) That all wages are paid from capital. If a man

puts a thousand young cabbages into the ground, he is no richer. Whilst they are growing and until they are marketed he has to live. During the interval he lives on savings, either his own or, if he is paid wages, somebody else's savings.

(4) That Bastiat's Law is true. That law will be found at page 183 of his "Harmonies," and is as follows :

"In proportion to the increase of capital, the absolute share of the total product falling to the capitalist is augmented, and his relative share is diminished ; while, on the contrary, the labourer's share is increased, both absolutely and relatively."

The following figures taken from Atkinson's "Distribution of Products" illustrate this law :

Wages in New England Cotton Factories

Wages per operative per year : 1830, \$164 gold ; 1884, \$290 gold.

Profit per yard necessary to be set aside in order to pay 10 per cent. on capital used : 1830, \$2.400 gold ; 1884, \$0.408 gold.

Yards per operative per year : 1830, 4,321 ; 1884, 28,032.

Cost of labour per yard : 1830, \$1.900 gold ; 1884, \$1.070 gold.

That is to say, the increased capital invested in the factory in the shape of labour-saving machinery permitted the payment of higher wages.

This law must, however, be read in connection with the law of diminishing returns. For, though the law of diminishing returns has a more frequent application

to agriculture than to manufactures, it is extended to manufactures under certain conditions.

(5) That taxation and the rate of interest on capital enter into the cost of production. In this connection the word "capital" includes "credit." That is to say, I am treating debentures and shares as the same thing and classing both as capital. The costs of production, let us say, of a pair of boots may be thus stated :

Cost of production: (a) Interest on capital; (b) self-insurance, being an addition to the market rate to cover risk of undertaking, which risk may be political, or may be inherent in the undertaking; (c) cost of raw or semi-manufactured material; (d) taxation; (e) labour.

Sale price: The sale price therefore must be $a + b + c + d + e$, and this price in the case of an exporting industry cannot be influenced by domestic legislation.

With these premises or postulates I consider the "after the war" conditions.

The debt of the United Kingdom after the war will probably aggregate 4,000 millions, or something approaching that figure. In addition there will be a heavy annual charge for pensions. The debt and pensions will probably involve a charge of about 220 millions annually. Assuming that the peace Budget, exclusive of debt and pensions, can be reduced to 130 millions, we get a Budget of 350 millions which will be a first charge on production and on all industry.

Nor is this all. In all the belligerent States there will be a similar charge on production. Austria-Hungary is practically bankrupt now, and in Germany, owing to the German system of finance, the State is

practically the mortgage creditor of the population. That is to say, by a roundabout process, the State has issued paper money and contracted paper debt on the security of private capital.

The consequence of this general indebtedness will be :

(a) A heavy tax on production in the United Kingdom, and

(b) A diminished purchasing power in all the belligerent nations.

Repudiation, though it would give temporary relief to the Governments, would aggravate the impoverishment of the people. For it would destroy both credit and capital. The wages fund, either in the shape of credit or capital, would vanish.

This diminution of trade is no new feature. The effect of the Peace of 1815 was to reduce our import trade by 20 per cent. and our export trade by 16 per cent. The shipping industry will certainly be affected if the same or greater reductions take place after the future peace. But that is only one item. Every industry must feel the weight of taxation and the scarcity of capital.

Nor is this all. It is bad enough that the purchasing power of Europe should be destroyed by the impoverishment of the belligerent nations ; but if I understand the present political tendency, there will be a movement artificially to restrict what commerce there will be left. When it is remembered that the only potash mine in Europe is to be found in Saxony, and that potash is necessary to agriculture, the effect of prohibition or of import duties on potash and on agricultural production becomes apparent. But this is

only one item in the difficult problem of agricultural development.

The most serious problem is that of employment and wages. Now I have stated, and I think there is no need to support the statement by proof, that all wages are paid from capital. If a man is riveting the plates of an Atlantic steamer, his wages are paid from capital. For the ship cannot earn anything until launched and equipped for sea. And it is the same with a bricklayer or any other workman. The return does not reach the capitalist until the job has been finished. It follows, therefore, that capital should be attracted to England, not frightened out of England.

Moreover, the interest on capital and the self-insurance of the capitalist all enter into the cost of production, so everything should be done to keep interest down. This can only be done by granting security and inspiring confidence. Taxation must be heavy, but, if borrowing ceases, then credit and confidence will be restored. Similarly, the cost of material should not be artificially increased by import duties. For import duties are paid for from the wages bill.

The selling price of any given article on the world's market may be taken as a constant. At all events, it cannot be influenced by domestic legislation. That being so, the cost of production is represented by (a) interest on capital, including self-insurance; (b) cost of material; (c) labour. If (a) or (b) be artificially increased, then (c) labour must be decreased. For no man can produce at 21s. and sell at 20s.

I consider it vital, therefore, to maintain our Free Trade policy, to stop borrowing, and restore credit as soon as possible.

But there are, of course, many Utopian schemes in the field.

The Socialists believe in collectivist Socialism, and hope that the State control necessitated by war conditions will continue in peace. I believe that they are profoundly mistaken, and that to continue State control would be disastrous to all, but especially to the working man. No one who has had experience as I have had of Government management can doubt this. It has been proved over and over again by the test of actual experience, and the experience is always the same, when Government control and politics come in at the door honesty and efficiency fly out at the window. But I have not space to discuss the case of Individualism versus Socialism.

There will, of course, be schemes for subsidising private undertakings with borrowed money. The most attractive schemes will be put forward, and the nation will be told that it can borrow at 5 per cent. and invest at 10 per cent. in some profitable industrial undertaking. To this it might be sufficient to reply that an undertaking that gives 10 per cent. profit need not go to the State for money. But I may add that these proposals are not new in history. The Mississippi scheme of John Law was intended to enrich France. The South Sea Company intended to liquidate the National Debt and ended in the South Sea Bubble. If once the State starts subsidising company promoters, the block in Parliament Street will interfere with traffic, and national bankruptcy will be in sight.

On the other hand, the proposals for co-partnership and profit-sharing are good. The opposition has hitherto come from Labour. But in any case the

system can only be applied to established industries. For every new venture has to pass through several lean years before it reaches the dividend-paying stage.

But there remains the fact that in America wages are from fifty to a hundred per cent. higher than in England, and American manufacturers, despite the handicap of a protective duty, are able to compete successfully in England, especially in the cheaper type of motor-car.

I examined this question as well as I could in New York, and inspected a motor-car factory. I questioned managers and workmen and saw the factory at work. My conclusions are that American success is due to :

(a) Standardisation.

(b) Increased capital in the factory.

(c) Greater efficiency of American labour. The American working man tends almost exactly double the horse-power that the English working man tends. In other words, his labour produces about double as much.

(d) Speeding up. That is, to-day no time is wasted anywhere or by anyone, and bonuses are given for speed and output.

I am of opinion, therefore, that the way of salvation is to be found in the adoption either in whole or in part of the American system ; but that all schemes tending to restrict or hamper or control trade will end in disaster.

To secure the American system a frank understanding between Capital and Labour is essential, and the problem is how to bring this about. The Labour leaders have not the training or the knowledge necessary to manage a factory or to take part in the management of a factory. Moreover, no capitalist would place his

capital in a business that was controlled or managed by Labour leaders.

But that is not to say that workmen cannot understand a plain statement of profit and loss when it is explained to them, and I consider that frank explanations of the firm's business and the grant of bonuses when profits exceed a certain limit would help to establish harmonious relations. What is certain is that a conflict between Capital and Labour after the War would be disastrous to both.

* * * * *

So far I have dealt mainly with the domestic disputes of Capital and Labour. I have shown, and I hope successfully, that Capital and Labour are necessary to one another. Without capital there can be no wages, and the greater the amount of capital in any given industry, the greater the efficiency—the more economic the production—and the higher the wages that can be paid, with due regard to the risks involved.

But there is a serious danger that the experience of the War may be misunderstood and misapplied. War is a national effort and the nation must of necessity unite and pool its energies and resources. Owing to the freedom hitherto granted to British commerce and industry the British nation has been able to bring into the War a reserve of financial, industrial, commercial and shipping resources, far in excess of any of those possessed by her allies.

But the pooling of these resources has obscured their origin—men see a mass of munitions produced by a pacifist nation, and they assume that this mass

of production is caused by the collectivist system. The truth, of course, is that had the collectivist system existed in peace time, the numerous factories which were formerly agricultural machinery shops, or bicycle shops or what not, could not have existed, and as it is impossible to combine what does not exist, the collective effort of these industries would also have been non-existent.

Another misleading incident of the War has been the high wages given. It is evident that if a nation borrows or raises four thousand millions and spends that money in wages there must be an artificial boom giving a false idea of prosperity. The same may be said of any householder who borrows money and spends it on his family. The family have a good time—for a time. But the good time cannot last and must be paid for sooner or later.

I see in these two war conditions a serious danger for the future. I am not what is usually called a Pacifist ; but I am deeply sensible of the horrors of war, and the need for avoiding war. I believe firmly that unless civilisation can find some means of preventing wars, then wars will destroy civilisation. The terrible toll of life, of injury, and of suffering caused by war is possibly the least of the injuries it inflicts on humanity—for these last only for a generation. But there are consequences both moral and material that last for centuries and weigh on the national life when men have forgotten their origin—or the events which produced them. For these reasons I am a peace lover, a peace wisher, though not in the ordinary sense a Pacifist. I have no cut-and-dried scheme to bring peace to the world ; and my reading has taught

me that the best conceived schemes for bringing permanent peace to the world have failed.

But whilst it is not possible to realise the dream of peace on earth and good will to all men, it is always possible to avoid creating causes of conflict ; and it is just here that I see danger.

The collectivist conditions caused by war have compacted the nation. The industries and commerce of the nation are, for the time, united under one direction. They are, so to speak, a regiment marching under its colonel and obeying the word of command. This is as it should be, and it is necessary. There is of course waste—great waste—waste of manpower, waste of material, waste of effort ; but no one pretends that economy is the aim. Waste is inevitable. We accept the necessity for war, and we accept the drawbacks as incidental to the necessities. With peace, these necessities will cease to exist and the drawbacks will be more apparent. But there is a greater drawback, a greater danger than economic loss which should not be incurred and should be avoided.

There is no more highly organised or disciplined nation than the German. The German nation forms a disciplined army working, thinking, and speaking in obedience to the word of command. German *kultur* has destroyed the mind and conscience of a people, but it has produced the most efficient example of collectivism the world has seen. Nor is that all. This collectivism is in its expression aggressive. Long before the War the German trader and the German manufacturer looked to the State to serve their private interests. The Kaiser was the greatest bagman in

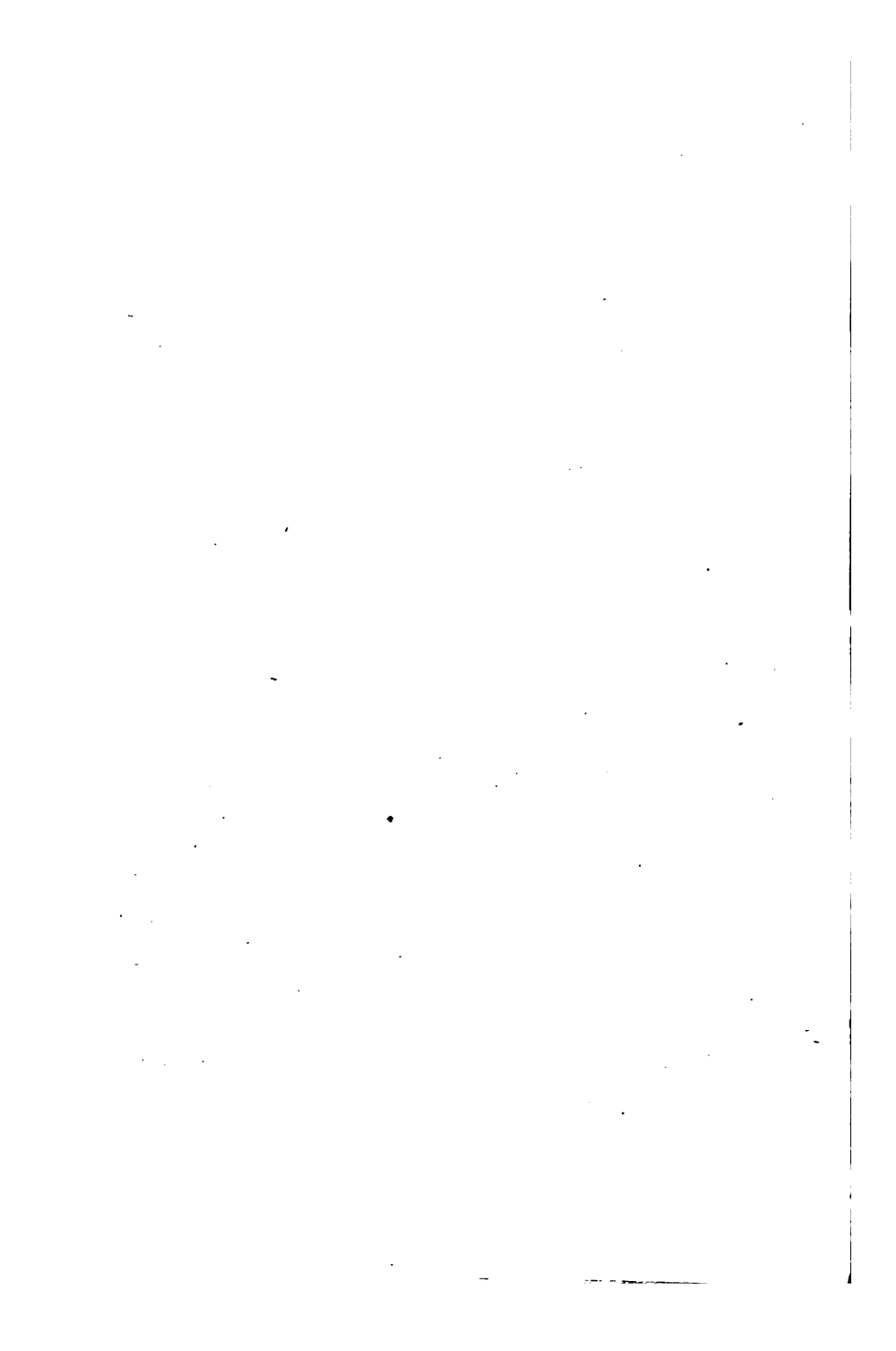
the world, and the German Government was a commercial directorate in perpetual war with rival firms. Collectivism and Protectionism are identical in principle. A manufacturing government does not differ in principle from a trading government. Both seek to destroy competitors. Both seek to secure the monopoly of markets. This may be done by treaty or it may be done by conquest and annexation. The German aggression was inevitable. It was the more violent expression of a movement—of a force—which existed in time of peace.

There is danger that this German system may be adopted by England. We have been compelled to adopt it in war; but to continue it in time of peace means the moral death of the English nation. It may be said that we are fighting this German *kultur*, this German State Slavery, this worship of the State, this soul-destroying machine, and that we are not likely to adopt the system we are fighting. I wish I could be sure of that. The high wages caused by the lavish expenditure of borrowed money, the inevitable reaction to hard times after the War may, and I fear will, blind many of the working classes to the true facts of the case. They will forget the origin of the wealth which rendered it possible to borrow on credit. They will forget the freedom that produced efficiency. And they will hanker after the flesh pots of lavish State expenditure, and electoral control of wages. They will seek, or will be advised by plausible speakers to seek, to use the power of the State to control markets and industry. The painful and humiliating incident of the West African palm kernels suggests the thought that the old spirit of the Navigation Laws is not dead.

That spirit cost us the loss of the American Colonies. It caused the industrial and commercial ruin of Ireland, and it remains in America and in Ireland a bitter memory, a lasting discredit. I earnestly trust that the future may not bring with it a reversion to a policy of which the nineteenth century was ashamed and for which the great Englishmen of that century sought to make amends.

MR. R. W. SETON-WATSON.

I do not feel in the least qualified to answer your two questions, on the one hand because my knowledge of the industrial situation is regrettably small, and on the other hand because even the greatest authorities on the subject in all countries have been notoriously wrong in their prophecies and calculations as to the influence of economic factors upon the course of the War, and may therefore be equally in error as to the probable economic situation after it. All that I should venture to say is that the War will have been fought in vain if the relations of Labour and Capital are not put upon an entirely different basis by a radical extension of the co-operative principle on the one hand and of State control of certain key-industries on the other.



THE VIEWS OF CAPITAL

(a) ENGINEERING

SIR MAURICE FITZMAURICE, C.M.G., M.A.,
M.A.I., LL.D.

SIR ROBERT HADFIELD, F.R.S., D.Met., D.Sc.,
M.Inst. C.E.

(b) SHIPBUILDING

SIR BENJAMIN BROWNE, D.L., D.C.L., J.P.,
M.I.C.E.

SIR ARCHIBALD DENNY, BART., J.P., LL.D.

W. L. HICHENS

H. B. ROWELL

(c) MINING

SIR HUGH BELL, BART., D.L., D.C.L., LL.D.

(d) MANUFACTURE

EDWARD CADBURY

(e) TRADE

ERNEST J. P. BENN

WALTER HAZELL

(f) TRANSPORT

F. DUDLEY DOCKER, C.B.

(g) FEDERATION

R. T. NUGENT

(h) RESEARCH

JOHN HILTON

(a) ENGINEERING

SIR MAURICE FITZMAURICE, C.M.G., M.A., M.A.I., LL.D.

(President of the Institution of Civil Engineers)

The following is taken from the recent Presidential Address, which was courteously sent by Sir Maurice Fitzmaurice for the purpose :

I had for many years the direct control of a large body of working men, and have had opportunities of inside knowledge with reference to many labour disputes with which I had no direct connection. The two points which struck me as fundamental in nearly every case were that the employer should pay a good living wage, and that the employed should do a good honest day's work, or perhaps I should say in some cases an honest week's work. The so-called "restriction of output" policy, which some trades indulge in, seems to be the first step in a most vicious circle. It certainly does not lead the employer to look favourably on proposals for increase of wages. It must be extremely irritating for him to know that the output per man could be easily increased in some cases, without undue exertion, and that under such conditions he could cheerfully concede an increase in wages. This policy is not confined to our own islands only.

We all wish to see Labour contented. In Burke's

speech in 1775 on conciliation with America, he said, "The question with me is not whether you have a right to render your people miserable, but whether it is not your interest to make them happy." I think that expresses our view with regard to Labour to-day.

It is impossible to expect a high standard of duty to exist at all times among workmen unless they can live under such conditions as will allow them a chance of bringing up their families decently and making some adequate provision for old age. I am quite aware of the advantages as regards free education, medical attendance, out-of-work benefits, old-age pensions, and sometimes free meals for children, which exist; but better wages than those existing before the war, with a greater feeling of responsibility by the individual would, in my opinion, be much better than all these free advantages, with the exception of that of education. Organised Labour has great powers and correspondingly great obligations, and it ought to be in a position to begin these obligations at home.

It is often difficult for the mass of Labour to understand the cost of finding large sums of money to finance great industries, and that such money has to be paid for out of profits. It is difficult for Labour to realise the risks which capitalists have to take, and the fact that in many works large sums are spent on research work which may only give a return after a long period, or may in many cases appear to give no return, if it be considered that negative results have no value, which is far from being the case. It is also sometimes difficult for Labour to understand that the work and organisation of one man may in some undertakings mean a difference in profits of hundreds of thousands

of pounds, or the difference between success and failure, and that such men and their immediate assistants deserve and earn the large sums they receive. It is on these accounts that Labour often considers that it does not get a fair share of the profits. I do not mean to say the profits are always fairly divided, and it would be difficult to say what a fair division should be.

I also do not believe the working man has any idea how the prosperity of this country, and with it his own prosperity, depends on our export trade, or how our manufacturers have had to meet the fiercest and sometimes unfair competition of other nations, not only in foreign countries but in our own overseas Dominions. There is, however, nothing surprising in this want of knowledge when we remember that very few of us realised a few years ago how Great Britain was exploited by German competition, frequently underhand and unfair, with the object of capturing our vital industries and getting control of a great deal of our finance and trade. We have, however, learned a great deal in the last two years, and I think many working men are not above taking interest in such questions.

How is it possible permanently to raise the wages of the working man beyond those existing before the War? Is it reasonable to expect that a greatly increased output per man can be obtained without undue exertion? We all know it is possible. It means that employers must provide the best modern machinery and that men and Trade Unions must give up the idea of restricting output. It means that Capital has to obtain such a measure of the confidence of Labour as is necessary to convert men and Trade Union officials to the view

that increased efficiency will be to their great advantage and give increased comfort and health. This can only be done when it can be shown that under such conditions there will be plenty of work to go round for all, and it means that our trade has to be increased.

The question of the national campaign for maintaining and increasing our trade is outside my present scope. But I may say that, judging from what Mr. Asquith once said, I am inclined to think that the whole power of the Government will be placed at the disposal of our trade; that, as Mr. Asquith stated, steps will be taken to ensure protection against dumping and other unfair competition, and that we shall never again be dependent on enemy countries as regards essential industries. It means that Australia and Canada, whose representatives attended the Paris Conference and approved its resolutions, together with our other Dominions beyond the seas, have set their seal to a united empire for purposes of peace as well as for war.

However important Mr. Asquith's declarations, and however necessary the help of Government, I attach still greater weight to the spirit which is at present animating our commercial leaders. The thorough-going determination of our manufacturers to organise British industries for more efficient production, and the steps being taken for pushing our trade outside these islands, are certainly on a different scale from anything previously attempted. The first part of the work to be carried out is put so clearly and shortly by the President of the Federation of British Industries that I quote his words. The objects of the Association "may be summed up briefly as the organisation and

development of industry now and after the War in co-operation with Labour and in conjunction with the Government and Government Departments."

SIR ROBERT HADFIELD, F.R.S., D.MET., D.Sc.,
M.INST.C.E.

(President of Iron and Steel Institute, 1905-7; President of Faraday Society, 1914-16; Master Cutler of Sheffield, 1899-1900; Hon. Foreign Member of K. Svenska Vetensk. Akad, Stockholm; also Member of Munitions Inventions Board and Admiralty Committee of Board of Invention and Research; Member of Arbitration Panel; Member of Senate of Sheffield University, etc., etc.)

With reference to your interesting questions, it seems to me that there should be no real difficulty in bringing about a happy solution of industrial labour conditions if the principle is first admitted that an employer should treat his employee, not merely from the purely economic point of view, as has often been done in the past, but as one of flesh and blood like himself and with like aspirations and feelings.

Modern labour is often very tiresome and irksome, Repetition work, the same from year end to year end, hardly calls forth the best in any man. The amount of wage received in most cases does not enable a working man, if he has a large family, to live by any means in the lap of luxury. The working man, now becoming better educated, has commenced to eat of the fruit of the tree of knowledge, consequently we must be prepared for efforts on his part, and quite laudable too, "to raise his position."

My firm has had no unsurmountable difficulties ; perhaps we are fortunate and have a better selection of workmen, but I do not think so. The satisfactory results we have obtained have been brought about by the adoption of a certain " policy." We have never had to shut down our works for a strike, and have always found a talk round the table settle most of the difficulties. We commenced the 48-hours-week system, which I hope to live to see generally established, on April 27th, 1894, now $22\frac{1}{4}$ years ago, the employees starting work at 7.20 a.m. instead of 6.30 a.m. In other words, our workmen come to their business after having had breakfast, and are not expected to turn up, for example, in winter, hours before the sun rises.

In April, 1894, the system was first applied to about one thousand workmen. In May, 1914, the roll-call had increased to over six thousand, and to-day the total number employed at our Hecla and East Hecla Works in Sheffield amounts to over fifteen thousand.

In one of the official reports of the Friendly Society of Ironfounders it was stated that " It is pleasing to know that our members' experience of the 8-hours day (48-hours week) at Messrs. Hadfield's Works calls forth the unanimous decision that they would not readily agree to resort to the old system."

It is important to note, notwithstanding the considerable increase both in the rate of wages and the total amount per week paid to the employees of Hadfields, Ltd., that during the last twenty years the considerable betterment of the workers mentioned has been accomplished, not only without interfering with the financial position of the company, but that this has been greatly increased in value.

Replying generally to the questions asked, as regards No. 1, it is difficult to define what will be the industrial situation after the War until seeing a little more clearly how the world is going to settle down under the new conditions which will prevail. If there is going to be an entire re-arrangement of our relations with certain nations now known as "the enemy," this, of course, must make considerable difference, but no one can foresee.

We have on the one hand those who we readily admit are patriotic, like Sir Hugh Bell, who yet urge that there should be no change in the freedom of exchange, even between ourselves and enemy countries, because, it is argued, by retaliation on our part we shall ourselves suffer.

On the other hand, there are those who claim that preferential treatment should be given within the Empire. In such cases, what about the cross-currents of interest that will arise on industrial questions between those who are at present fighting on our side? Other friendly countries will wish to protect their own positions, so it will be seen that the whole question is surrounded with very great difficulty, and it seems impossible at present for anyone to predict what will be the post-war industrial situation; at any rate, I shall not try to do it.

As regards the better working of our Empire, there is no doubt that we have to some extent been very remiss. For example, in Australia, we have allowed the foreigner to reap much of the advantage and benefit of the enormous deposits of natural wealth there; we must not blame the foreigner, but ourselves. In this respect I will refer to an address given by me not

long ago to the Ferrous Section of the Advisory Council for Scientific and Industrial Research, in which I stated that the wealth from mineral and other sources within the Empire, when properly worked, could in a comparatively short time be made more than to repay the expenditure incurred in this terrible war in which we are now engaged. We have not developed our resources as we might, or we should not have had the enemy making use of what we ought to have done, that is within our Empire. We may reasonably regard these resources as belonging properly to the British people.

To sum up as regards your question No. 1, neither Labour nor Capital must overlook the fact that the true view is the welfare of the nation as a whole. Capital must try and meet the more modern conditions required by the worker in regard to better wages, better housing, more reasonable hours, and the more *human* treatment of the subject, not merely the high and dry economic one. Labour must also be progressive; the worker must try and improve himself with the better education which is now so easily at his call. The youth must not start work until both mind and body are properly formed. A demand for this, remember, must come from the worker himself, for in many cases it is he who stands in the way—for example, Lancashire. With all the advantages of increased welfare, which it is the duty of Capital to consider, it is in return the duty of the worker to render whole-heartedly his services for the benefit of the State. Old notions about unfairly restricting output must be wiped out, and a new point of view taken.

The Capitalist must also stop the absurd and utterly

ridiculous attitude often taken up of trying to prevent, by boycotting, sly pressure, and other unfair means, those firms who wish to take a broader view—that is, those who wish to make a step upwards and try and deal with the worker as a human unit—that is, the human units should not be dealt with like so many barrels of flour or tons of pig-iron.

I speak from experience, and consider the methods often adopted by Capital against those who would allow more freedom of thought and introduce newer, better, and more human methods to meet the changed conditions of the times have in the past been most reprehensible. Nay, they have indeed helped to bring about the present unsatisfactory state of affairs as regards the position between Capital and Labour. If an employer has wished to take up a line of progress, attempts have been immediately made to bring him into line, not with those representing progress and development, but rather with the most backward, which in itself is a bad principle. In my opinion it is largely owing to this point of view that the nation has suffered in the past when dealing with Labour questions. The progressive manufacturer has been hampered by the dullard who will not take a step in progressive ideas because he is afraid something terrible will happen, or some financial magnate thinks he is going to be ruined.

We all know that the worker has been unreasonable, often most unreasonable. On the other hand, the treatment adopted by the capitalist has often been most reprehensible. Let both sides come together with a spirit of conciliation and co-operation—suspicion and mistrust on both sides must be forgotten

and done away with to bring about progress and betterment—and I cannot but believe that the future of this country will be indeed well assured.

As regards your second question, the answer to this, it seems to me, is to a great extent comprised in the one to your question No. 1. I will only add that the State can often do much. On the other hand, it is possible to conceive of its doing too much. In other words, in order to meet the individualistic mind of this country, which has ever led the world and been in the van of progress, we do not want to depart from, or at any rate partially modify, the views of the individualist and his efforts.

There are many others who hold similar views to those now expressed. Mr. Harold Cox, in March last, was specially requested to give an address before the Institution of Civil Engineers on the subject of "Industrial Development." A few years ago such a plan, which met with the heartiest approval from all who heard this remarkable address, would have been treated as quite revolutionary. In the past the question would have been asked, what had the Institution of Civil Engineers to do with such a subject; did it not border almost on Socialism? The lecture was delivered and gave universal satisfaction. I wish more institutes would go and do likewise—that is, try to get at the heart of this national problem, which has to be faced and solved, or the future will indeed be dark and gloomy.

I take the liberty of quoting as follows somewhat fully from Mr. Cox's valuable address, and make no apology, because the times demand that those concerned, whether on the side of the employer or

employed, should make up their minds to face the future on quite different lines from those of the past :

“ I venture to ask a series of questions in order to help us to solve that problem. First of all, why have the masses of our people so long been condemned to live in poky houses and in mean streets, many of them with insufficient food? You answer that it is the result of low wages. I ask again: Was it necessary the wages should be so low? The reply obviously is that the work was worth so little, or, in other words, the worker produced so little. But was it necessary that the worker should produce so little? What are we doing now? We have nearly 4,000,000 men either fighting or training to fight. In addition, we have large numbers of men as well as women producing materials for fighting. Yet, in spite of this enormous drain upon our population, we are maintaining the whole of our people in a much higher standard of comfort than ever before, and in addition—and this is a fact which is often forgotten—we are keeping up an export trade which we should have regarded a few years ago as marvellous in amount. As most of you know, during the last ten or fifteen years our export trade has been rapidly on the up-grade. But the remarkable fact is this, that in 1915, in spite of the tremendous diversion of industry due to the war, the value of our export trade was as great as it was six years ago. Of course, part of this high value was due to the rise in prices. Making allowances for that factor, I think we may say that our export trade last year was in volume equal to what it was twelve or thirteen years ago. This startling result is due to the

enormous increase in our productive power under the stimulus of war.

"It is, of course, true that much of the present prosperity is due to expenditure out of capital; and it is also true that, when peace comes, we shall find the burden of interest an appreciable one for some generations. The fact remains that we are doing the work, we are producing the goods, and we are maintaining a higher standard of comfort for the masses of the people. Put the money question aside and look at the bedrock facts of labour and goods. On the one hand you have the labour employed; on the other you have the comforts and the luxuries created. I ask: Cannot we achieve the same triumph as this in time of peace? Cannot we on the one hand secure universal employment, and on the other widespread enjoyment? If our people permanently insist on a higher standard of living for themselves, their own demands for comforts and luxuries, either of home manufacture or of foreign importation, will create employment for themselves either in home or export industries. Reciprocally, if we utilise for the purpose of peace the tremendous productive power which the war has shown we possess, we can secure for our whole population a richer, a fuller, and a happier life.

"I think one of the most regrettable things in recent months has been the carping way in which middle-class people have referred to the increased expenditure of the working classes, especially fixing their attention, as it happens, on the particular article of pianos. Why in the name of wonder it should be a crime for a workman to have a piano and not a crime for a middle-class person I cannot understand. I believe we shall make

no progress towards a solution of the wages problem until it is universally recognised that a manual worker, if he can get it, is entitled to as high a standard of personal and domestic comfort as the brain-workers. Personally, I should be glad if it were the custom among manual workers to take a holiday upon the Continent just as it is amongst professional workers. But the manual worker will only get his higher standard of comfort by more efficient working, and he will only consent to become more efficient if it is proved to him that there lies his interest and also the interest of his comrades. The latter consideration is as important as the former. It is a great credit to the working classes that the spirit of comradeship does affect their individual action to an enormous extent, and a man will frequently sacrifice his own private interest because he thinks it is for the good of the men among whom he is working. Therefore we shall get no real progress until you can demonstrate to the working classes as a body that their individual and collective interest lies in more efficient production.

“If we can solve this moral problem, I see no limit to the progress of our country. For as soon as you have secured the concurrence of the workman, it will become possible to develop immensely the efficiency of our manufacturing processes, so as to obtain an increased output at less cost, while paying higher wages.”

Before the same institute its president recently elected, Sir Maurice Fitzmaurice, one of our ablest engineers, in his opening address, early last month, took the opportunity of referring to the same subject, and quoted from Burke, who, in 1775, said, “The question with me is not whether you have the right to

render your people miserable, but whether it is not your interest to make them happy." It is this very point of view of Burke, the human point of view, so rightly quoted by Sir Maurice, which I most strenuously urge upon the consideration of those who represent Capital. Sir Maurice added, "I think this expresses our view with regard to Labour to-day." I hope that it does, for without doubt adequate consideration, not merely from the hard matter-of-fact and financial side only, requires the earnest attention of all those engaged in handling large bodies of workers.

Let us also, when considering the future, bear in mind, as Sir Maurice says, "We can never forget the great part played by Labour and Labour leaders in this war, and we must remember that nearly all Labour troubles which have arisen have been in direct opposition to the wish and advice of the trade union officials."

He also adds :

"It is impossible to expect a high standard of duty to exist at all times among workmen unless they can live under such conditions as will allow them a chance of bringing up their families decently and making some adequate provision for old age. I am quite aware of the advantages as regards free education, medical attendance, out-of-work benefits, old-age pensions, and sometimes free meals for children, which exist ; but better wages than those existing before the war, with a greater feeling of responsibility by the individual, would, in my opinion, be much better than all these free advantages, with the exception of that of education. Organised Labour has great powers and correspondingly great obligations, and it ought to be in a position to begin these obligations at home. If

obligations and responsibilities do not exist in the elementary matters, there is very little chance of their real existence when large questions have to be solved."

I have quoted freely, because on some occasions I have been upbraided for my well-known views on Labour questions. The opinions of these two eminent men show that the subject is very much in the minds of many of us, and must in the future receive broader and more human consideration than in the past, or the ship of State may be wrecked. Therefore with these strong opinions expressed before our largest technical organisation, the Institution of Civil Engineers, with its roll-call of some 9,000 members, every one of whom will receive a copy of the address by the president and Mr. H. Cox, even the most faint-hearted and timorous mind can surely approach this important subject with a view to finding a solution of the trouble existing between what is termed Capital and Labour, but which I would rather describe as "one set of human beings trying to agree with another set of human beings." Let us, therefore, approach the subject with confidence, as it is not only in the air but has come to stay with us until a happy solution can be found. With mutual give and take on the part of each side, a satisfactory solution can without doubt be found. Friend and foe, ally and neutral, all will have to study this important problem of modern times.

(b) SHIPBUILDING

SIR BENJAMIN BROWNE, D.L., D.C.L., J.P., M.I.C.E.

I hardly see how it is possible to give any opinion as to the industrial situation after the War until we

know how the War is going to end. I rather believe the feeling in the City is that, for a long time to come, capital will be available to a certain extent, no matter how much is spent by the nations who are engaged ; but, of course, the point may come, which clearly came after the Thirty Years' War in Germany, when capital would not be available, and it took some of the countries a very long time to recover after the Napoleonic wars.

As regards getting people back to work again, I do not think this ought to be so difficult as is sometimes fancied, provided that Labour and Capital can find a common ground so as not to quarrel with each other, and that the Government will try and co-operate with both of them. As an illustration, I should think we might take back an almost unlimited number of men very quickly indeed in the coal trade. That would leave vacancies to be filled by other soldiers in the Army, and an additional supply of coal would do a great deal towards making it easier to set other people to work. But, again, the amount of repairs that will be required all over Europe will be something enormous, not only on account of the destruction caused by war, but the stitch which saves the nine has been neglected for so long that the arrears of repairs will be very formidable. And this, it must be remembered, is the class of work that requires a maximum of labour compared to the amount of capital involved.

If I might be pardoned saying so, I rather doubt if the discussion is a very profitable one. If we saw peace coming either to-morrow or five years hence, I think, in the course of a very few days, we could make up our minds as to what would be best to do far better than we can at this moment. We know how these things

have worked out in other countries, and I have very little faith in the schemes people are getting up to say how trade is or is not to go. For one thing, we do not know, in any case, with whom we shall have to trade when peace comes. After Waterloo, I think, England took a very different view of the terms of peace to make with France, knowing that it was to be governed by King Louis, to what it would have done if that country had still been in the hands of the Emperor Napoleon.

SIR ARCHIBALD DENNY, BART., J.P., LL.D.

(Wm. Denny & Brothers, Shipbuilders, Dumbarton)

As to the first set of questions, it is never wise to prophesy, and conditions change so rapidly during this terrible war that what might appear to be the probable situation of Labour, Capital, and the Nation as a single commercial entity after the War, judging from present conditions, might be entirely upset in a few weeks. This is all the more so, in view of the recent change of Government.

The second set of questions can be answered from each individual's point of view. If you care to make inquiries from Labour sources, you will probably learn what have been the relations between the leaders and the men in our works here. We have certain advantages in that we are an old family concern, although we have been careful to introduce new blood from time to time, and Dumbarton is in what might be called a "backwater;" that is to say, we are a little isolated, from the Labour point of view, from the more tempestuous waters of the higher and lower reaches of the River Clyde. My views are naturally affected

by these conditions, and I may consider possible things which other employers with different experience might consider impossible.

2 (a) By Labour I presume you mean manual-worker wage-earners, who usually belong to Trade Unions, as distinguished from directors, managers, and staff, who also labour, but not, as a rule, so much with their hands as with their heads. Labour, then, should, I think, revise their attitude towards production ; the maximum output possible should be aimed at by the exercise of energy and intelligence, and especially by the fullest working of the machinery provided.

The introduction of machinery should be welcomed instead of objected to, and would be so if the workmen realised that the greater and cheaper the output, the greater the number of men employed, and the higher the wages which can be paid.

2 (b) Capital is not a happy phrase. I believe you intend to cover not only the question of money which may be subscribed by the public, but the enterprise and imagination which must be thrown into a business by the leaders of it and their staffs. Without imagination directed by judgment and experience and inspired by enterprise, Capital would be a dead thing. Here I may say I think it is true that the Capital of one generation is the savings of the previous one, and it is equally true that the enterprise, energy, and experience of the present generation are precious assets handed down from the previous one. Accepting these premises, I think the duty of the leaders and employers is to inspire their men with confidence in their judgment, fairness, and justice, and propose such a scheme of working conditions that the men

may feel that their extra exertion will be properly rewarded, and that no advantage will be taken of the disclosure of their powers of production by the adoption of a suicidal policy of cutting rates.

Some system of payments by results must be introduced which will give the men this confidence and lead to a reduction in the cost of production. Money, of course, is a mere measure of value, but things produced for the use and enjoyment of the people as a whole are the real values. Barter and exchange are the only final methods, and he that does not produce has nothing to exchange in the long run.

What should this system of payment by results be? At present there is in practice piecework and two systems of premium bonus, and for each of these systems advantages are claimed. In all three, however, the difficulty is to fix a price or the time in which the work should be carried through. When these are being established, it is thought that the men "ca' canny" for the purpose of getting a price or time at which it is easy to attain what is considered by the workman to be a suitable wage, and the knowledge that this policy may be adopted is the first step towards disagreement. Further, a good man has to keep down his production so that the inferior man is not shown up, and that, I think, has been at the root of many of the troubles. It is a human feeling on the part of the men for one another, but everyone knows that men are not equal. Which system should be adopted I am not prepared at the moment to say, but, in any case, it should be a system which will give the men confidence to exert themselves as much as they can without the feeling that they will be taken

advantage of if they earn high wages ; and the price or time, once fixed, should not be changed, unless new machinery or working methods are introduced, and then only in consultation and in agreement with the men. With the system adopted there should be a scheme for compensating a workman for suggestions or inventions which lead to reduction in cost. Such schemes have been adopted in certain works, and the Ministry of Munitions has also introduced such a system, with what success in this latter case I cannot say. The fixing of the advantage gained by the man's invention would be quite automatic, as it would be a function of the difference between the rate before and after the invention was adopted. I am not prepared to give a full set of rules for such a scheme, but it might well be that the estimated or actual saving for a fixed period should be the reward, and that this should be divided into three equal parts, one part to go to the inventor, one part to the factory, and one part to be divided among all the workmen in the factory, because, while the inventor deserves his reward, he could not have made his invention without the use of the factory, and, finally, he may probably have been influenced by the general body of men, whom it is desirable, also, to encourage to similar inventiveness, and who might fail to keep up the enthusiasm unless they got some general reward.

2 (c) As to the State, we have often heard the expression " We are all Socialists now," and there are many functions which must be undertaken by the State. It is a difficult thing to lay down hard and fast lines as to where State intervention should begin and end. It has been pointed out how enormously production has

been increased by State intervention under the Ministry of Munitions at the present time, but all those who are involved know how much this has led to indiscipline, and how terribly wasteful the effort is. The nation had no choice, however; the circumstances existing meant one-sided agreements, which would not have been tolerated under less dangerous conditions, and the final realisation of this may lead to national service of a kind which will not specially regard any particular interest, but, fairly and impartially applied, may solve many of the "after-the-war" problems which give considerable anxiety to those who are most greatly interested in the prosperity of their country. Generally, State activities, even from the distributive point of view, are expensive; from the manufacturing point of view, they have been rather conspicuous by their failures.

There is a danger of creating more State supervisors to look after State producers than it is possible to support. Further, it may be desirable from the political point of view to make disfranchisement a condition of State employment; that is to say, State servants would have no Parliamentary vote or municipal vote, as the temptation to the prospective M.P. to buy State workers' organised votes by promises which are inimical to the best interests of the nation seems generally too great to be resisted. The officials of a government should be the servants and not the masters of the people.

I recognise that I have touched only the fringe of the subject, in that so far as the first two items are concerned I have dealt only with the question of remuneration. The subject is so vast and has so many

aspects that it is impossible to do much more within reasonable limits of space. I am not without hope that on both sides sensible views will prevail, and that instead of organised discontent we may have organised content with fair dealing on both sides.

MR. W. L. HICHENS

(Chairman of Messrs. Cammell, Laird & Co., Ltd.)

There are few problems more interesting to speculate upon than the industrial situation after the War; none where prophecy is more dangerous. For one cannot deduce that the inexorable logic of events will bring this or that consequence in its train, because we live in an age of violent upheaval, when old landmarks are vanishing, and the one certain fact is that things can never be the same again. The next few years after the War will be pregnant with great opportunities for good or for evil; the tide will be at the flood, and will carry us on to the black rocks of destruction if the crew mutiny, or to the calm waters of concord if each man learns to fulfil his appointed function as a member of the ship's company. An impartial student of the industrial situation before the War, and even during the earlier part of the War, would probably have favoured the hypothesis of shipwreck. "For," he would have argued, "the mass of the people are wholly indifferent, and refuse to face the great industrial issue, just as they and their leaders refused to face the Irish issue and the European issue. They prefer to be carried down the swift stream of time, and to reflect, with a philosophic or lethargic

shrug of the shoulders, that there is bound to be trouble one day. 'Let us, however, wait and see.'

That way lies ruin, for the first essential is that all parties should desire, should have the will, to bring about a fair settlement. But does the will exist now? I believe it may be answered that the War has worked that miracle; that there is now a firm determination on the part of the leaders of Labour and of the employers to face and overcome the difficulties with which the problem is beset; and, what is of even more importance, it is clear that public opinion has been aroused, and has decreed that matters shall not be allowed to drift. For nothing is more significant than the prominence which is given to the industrial problem in the columns of the Press; it is no longer debated merely by a few enthusiasts—it has touched the imagination of the masses. And herein lies our chief hope that a solution will be found.

But one must not be carried away too far and forget that there can be no cut and dried solution of the problem, that no panacea will ever be found, as the enthusiasts of every new "ism" are apt to believe. It is important, in fact, to remember that the road must wind up hill all the way, even to the very end; that progress must be patient and continuous, "like the stars, without haste, without rest." For the problem concerns the relation of ever-changing values of infinite complexity; hence constant adjustments, with consequent possibilities of friction, are inevitable. The principles of justice are eternal, but it needs just men to apply them in particular cases, and unless there is mutual trust and confidence on either side, we are really no nearer to a solution.

I have said that the first essential is that all parties should have the desire to bring about a fair settlement. The second, I would suggest, is that Labour and Capital should trust each other. Do they? While I think it is true to say that the leaders on either side have earned the respect and the confidence of those on the other, I should maintain that, speaking generally, Labour and Capital still regard each other with open suspicion, if not animosity. And the Governments of recent years have done little to allay, but much to engender, these suspicions. Briefly put, the attitude of Labour appears to be that the richer classes have no real understanding of their responsibilities. Vast masses of the population, it is urged, are poorly housed, poorly clad, underfed, and under-educated, while the few are clothed in purple and fine linen and fare sumptuously every day. This, they say, is the result of the system inaugurated by the industrial revolution and of the unrestricted working of the laws of political economy—the rich man's science. The richer classes are held responsible for having created these conditions, and are credited with the desire to perpetuate them. At the present moment there is a widespread suspicion among the working classes that employers are trying to secure military powers for themselves, under the guise of national service, in order that they may dragoon their employees into the condition of Prussian slaves. This suspicion is altogether without solid foundation, but that it should be widely believed is eloquent of the state of mind of the working classes, and a reminder, too, that class suspicions might spell national disaster.

Employers, on the other hand, are apt to talk of

the sullen faces of the workmen, their lack of pride in their work, their idleness, their trade restrictions, their deliberate limitation of output, of the ignorant selfishness which leads them to act as if wages should bear no relation to the value of the work produced, the utter indifference of many pieceworkers to good time-keeping so long as they earn sufficient for their own needs. *Esprit de corps*, they say—a sense of loyalty to the firm that employs them—is considered bad form by the men, and a maximum wage with a minimum output tends more and more to become the workman's shibboleth.

Who shall say that either side is entirely wrong—or entirely right? How can we reasonably expect to find contentment and lofty ideals amongst uneducated people condemned to live in squalid surroundings? Surely something of the root of the matter must lie here, and we must expect to reap what we have sown. Unless we have the common honesty to admit that these conditions are a disgrace to a civilised country—to any country with a real belief in a moral code—and unless we have the courage to apply the remedy, cost what it may, we must expect, having sown the wind, to reap the whirlwind. Similarly, how can workmen reasonably expect good wages if they do not give good work in return? For wages are not paid out of some inexhaustible treasure-house of the rich; they are the fruits of industry, and depend entirely on production. If everyone had £1,000 a year, and determined to do no work, but live on his income, the world would swim in wealth, but sink in its own tears. It is, in fact, abundantly clear that, unless each side is prepared honestly to face its

own shortcomings and to show by its actions that it means to deal justly by the other, the existing suspicions will never be allayed, and we shall drift into the state that always befalls a house divided against itself.

The urgent need of the day is for statesmanship in industry. There has been a tendency in the past for the bigger employers to become too much immersed in their immediate concerns and to neglect the wider problems of industry; both employers and employed have tended to take too narrow a view of the problem.

The third essential, therefore, that I would postulate is that both employers and employed should be efficiently organised in order that industrial problems may receive a broader and more statesmanlike consideration. In many ways Labour is more efficiently organised than Capital, but there are indications of a fatal defect in some Labour organisations, which, if not corrected, will prove their undoing. I refer to the tendency on the part of the rank and file to refuse powers to their leaders, and to throw over the agreements that they have negotiated. It is not characteristic of democracy, but of mob rule, that every agreement should be subject to ratification by a plebiscite, for collective bargaining and even collective negotiation becomes impossible unless the representatives on each side are endowed with authority.

Employers, on the other hand, have paid too little attention in the past to the problems of trade organisation. The engineering industry, for example, is a conspicuous instance of bad organisation. Associations of all sorts and kinds exist within its borders, but they appear to have been scattered as from a pepper-pot, for they have no ordered relation to each other or to

the industry as a whole. In fact, the engineering industry resembles a country that has not advanced beyond the tribal system, which makes it an easy prey to outside competition and a source of weakness at home. There should, I submit, be one Employers' Federation for the industry as a whole, including shipbuilding, to deal with the broader aspects of the Labour problem in relation to the whole industry. The interpretation of the general policy and of matters of detail should be dealt with by separate committees for the different branches of the industry, but each committee should be represented on and in close touch with the central body. Important, however, as Labour problems are, there are many other questions which affect the engineering industry as a whole, and I believe that a Central Engineering Council is needed which would be composed of representatives from the Employers' Labour Federation and the various trade associations dealing with the special aspects of the engineering industry. This Central Council would deal with the broader questions of trade policy which to-day are seriously neglected—such as questions affecting foreign or imperial trade, research, or the education of apprentices.

But there are many industrial questions which affect more than one industry, and there are clearly important functions to be performed by the recently formed Federation of British Industries as a federation of associations. There is, it appears to me, a tendency for this body to confound its functions as an inter-trade federation with those of an individual trade association, and this tendency, if not checked, may lead to disaster which would be regretted by all those

who recognise the possibilities that lie before this federation and admire the foresight of those who initiated the movement.

This, in outline, appears to be the type of industrial organisation needed on the employers' side, and it is important that Labour should be organised on broadly similar lines, in order that there may be the closest co-operation between Capital and Labour at every stage. For I would suggest that the fourth essential to a solution of the industrial problem is that there should be the closest relations between the organisation of employers and employed. It is not enough that their representatives should meet to settle disputes after they have arisen. They should have meetings at regular intervals to discuss together all questions of trade policy and learn to understand each other's point of view. Indeed, they should be able to formulate a joint programme of industrial reform based on a practical experience that is denied as a rule to politicians. Questions, such as foreign and imperial trade relations, housing, unemployment, a minimum wage, education, restriction of output, bad time-keeping, might well find a solution—where all seems dark to-day—if the united efforts of both sides were directed to one common goal. Herein, I venture to think, will be found the true solution of the demand that Labour should be given a voice in the management of industry. It has been suggested that Labour should be represented as such on boards of directors and have a direct voice in controlling the management of individual firms. I am far from saying that there are not many Trade Union leaders who would be a valuable addition to any board of directors, but they must be there in virtue

of some special business qualification—not because they represent the boiler-makers, the joiners, the engineers, the foremen, or the clerical staff. The representative principle, in fact, is as inapplicable to the direction of a business as it is to the Army Council, and it is important that the misleading analogy of representative government should not be allowed to confuse the issue, and, like an ignis fatuus, draw us on to the morass.

Given the four essentials that I have put forward, I believe the statesmanship of industry will prove equal to the task of formulating a constructive policy to which both Labour and Capital can subscribe. At the same time, although I believe that, as a result of the War, these four essentials are within our grasp, if we will but stretch out our hands to pluck the fruit, it would be visionary to suppose that employers and employed will always be able to compose their differences. Possibly even such complete accord, if attainable, could only be achieved at the expense of the consumer, who is the third party to all the transactions of industry. The State must therefore hold a watching brief, and, I submit, must, as in all other walks of social life, be prepared to settle such differences as Labour and Capital cannot adjust for themselves. For, after all, the function of the government of a state is to maintain the true balance between conflicting interests, not to follow slavishly the dictates of the majority, however paradoxical this may sound in its application to a democracy; and it is to the Government, as representing the principle that reason and order must prevail over violence and anarchy, that our supreme allegiance is due. I admit that the

opposition to State intervention is strong, and, to secure cheerful acceptance, it would appear to be necessary to add a fifth essential—that the existing distrust of politicians by both Labour and Capital should be removed. It would be outside the scope of this discussion to develop the point; none the less, it is of far-reaching importance, for it is by reason of this distrust that powerful sections of the community attempt to justify their attitude in setting the law at defiance and negotiating separate agreements with the Government. This road leads to anarchy.

MR. H. B. ROWELL

(Chairman of R. & W. Hawthorn, Leslie & Co., Ltd.)

One of the most striking facts of the War is the immense advantage which our opponents achieved by foresight and careful detailed organisation, and it has only been by unique effort and great sacrifice that the Allies have been able to prevent the fruition of Germany's ambition.

Investigation of commercial and industrial conditions show that many years ago Germany declared war in this sphere also, and it is of vital importance that we should, from past experience and the trend of events, endeavour to forecast—however imperfectly—the difficulties likely to be met with in after-war industrial conditions, in order that we as a nation may successfully direct our efforts to maintain and extend the commerce upon which our existence depends.

Labour, after reaping in a high degree the harvest resulting to it from the urgent necessity for its services, and after the indiscriminating praise it has received

from those in authority, will be very uneasy under the economies which must occur if this country is to regain its position in the world's markets; and, if that position is to be improved, these economies will of necessity be greater still, but, if they mainly take the form of increased output rather than a reversion to pre-war rates of wages, there is no real reason why the difficulties should not be surmounted.

The Government has carefully guarded against a similar danger so far as Capital is concerned, and has even shown by its treatment of employers a profound conviction that their loyalty could be relied on, however severely it might be tried.

A factor which will have great weight in the industrial situation will be the treatment accorded to invested capital by the Government after the War. If there is then a continuation of the treatment to which Capital has submitted during the War, it will almost certainly mean a continuation of such pre-war investment conditions as those shown in *The Times* records for 1913, when out of £230,000,000 of new capital raised in London only 17 per cent. of it was invested in British enterprises, and less than 1 per cent. in iron, steel, armament, and engineering industries. These figures prove that it is an increased and not a decreased return on capital that is required in the nation's interests, and consequently in the interests of both Capital and Labour. A continuance of the efflux of money is the mildest form of protest that would be made. Invested capital is in most forms more difficult to move than labour, and in a liquid or uninvested form it is mobile in the extreme, dissipating like water and recondensing wherever the conditions are most favourable. It is to

be supposed that the Government realises the dominating part played by patriotic sentiment which has found expression among employers, not only, as with others, in active service, but in their case in an attitude of submission to whatever those in authority believed to be necessary to save the country.

An important measure, and one that would go far to ease the situation between Capital and Labour, which is much more tense in general than in detail, would be for the Government to publish a comparison of the difference between the extra percentage of remuneration awarded during the War to male and female workers and that allowed to controlled establishments after taking into consideration increases in capital and output, as well as a statement recording and emphasising the failure of Labour to fulfil, and the inability of the Government to compel it to fulfil, the original tripartite bargain by which Labour undertook to remove trade union restrictions, provided the Government on its side undertook to see that they were re-imposed after the War, and in the meantime saw that the employers obtained no pecuniary advantage from the arrangement.

There is no doubt that want of discrimination in praising the effort of Labour has resulted in a misconception as to its proper fulfilment of that pledge, and also as to the true degree and extent of its effort, in the mind of the public. This misconception could be readily removed by the publication of an independent calculation of the magnitude of the additional fleet of destroyers, patrol vessels, and mine sweepers that would have been reticulating our seas to cope with the present submarine menace to the food of the

people, had the constructive shipyard trades been willing to reduce their lost time so as to make it even 10 per cent. short of the ordinary week's work.

While many of the leaders of Labour understand that the vast amount of money thrown into circulation owing to the War is dissipated capital and not legitimately invested income, neither the mass of the workmen nor of the general public realise fully that this is so, still less what it means. Illustration and proof of the fact would probably go far to relieve the situation which we are considering, as well as to improve that existing economically.

Sincere as are the efforts that are being made to improve it, the industrial situation from the national aspect is not without danger. It is to be expected that for some years after the War our industries—disorganised as to volume of production and as to cost of production—will be protected by a militant tariff sufficient to allow of reorganisation, and that systematic assault upon them will be prevented.

It is essential, however, that we should at the earliest date recover the ability to compete with foreign manufacturing countries in the markets of the world.

These competitors may be divided into two groups :

(1) Those countries which, being neutral, have found the productive power of their industries greatly stimulated by the needs of the combatant nations, and also by the demand on them owing to the decreased ability of those nations to contribute their usual share towards the world's requirements.

(2) Countries which have been engaged in the War, and emerging from it lean and hungry, will throw themselves on the world's markets ravenously, stimu-

lated by the necessities of the present and future, in addition to the ordinary commercial interests of the past. The position of each nation in this group in the great post-war campaign for foreign trade requires careful consideration in the light of the following factors :

(a) The extent to which foreign trade has been retained during the War.

(b) The home requirements of the country in labour and capital.

(c) The ability to influence orders by financial or political assistance.

(d) The cost of production.

These points suggest difficulties for all concerned, but for our present purpose let us see how they affect Britain actually and relatively.

Our foreign trade, in that it has been mainly restricted by us for our own purposes, has probably suffered less than that of any belligerent ; while as our country has been almost entirely spared the ravages of war, its requirements will be mainly due to the necessity of overtaking upkeep, repairs, and accumulation of requirements. We shall therefore be most favourably placed in this respect, whereas both our Allies and opponents, except perhaps Italy, will have the material ravages of war to make good.

Our ability to finance for industrial and commercial purposes may probably be taken as being not less than that of other belligerents, although the extent to which we have rendered financial aid to our Allies will have been a severe strain.

Cost of production seems to constitute the greatest difficulty that we shall have to face, and under this head it is necessary to consider cost as affected by our

rate of exchange as well as by the abnormal cost of labour and material, which it is to be hoped may be overcome as already indicated. Certainly, with the exception of America, our rates of remuneration for labour will be higher than those of any foreign country, and, with the stimulus of war removed, those factories which have been genuinely working at high pressure will, it is to be feared, even though there still be a heavy demand for their product, tend to fall back rapidly to the dull level resulting from limitation of output, which unfortunately is the most outstanding characteristic of modern British labour.

It is just that characteristic which must be eliminated, and Labour stimulated to increased output, if we are to recover our former position in the trade of the world, for not only have neutrals been organising to benefit by our enforced partial withdrawal from it, but our greatest opponent in peace, as in war, has, it is to be believed, found time and energy, even under dire military pressure, to organise for the campaign of commerce that is to follow war. In this campaign she will, in independent external markets, be actually assisted by her depreciated currency, as her costs of manufacture, apart from the advantage of freedom from inflated labour rates, from which we shall suffer, will have also that of the difference between her rate of exchange and ours, a difference which, at present rates, would make it possible for her—assuming equal internal costs in both countries—to take orders against payment in gold at prices which would leave 10 per cent. profit, but at which we would lose 10 per cent. That condition constitutes in effect a tax on the labour of the country in favour of industries concerned in

manufacturing for export. This will not be allowed to continue, but, as control of it will be difficult and would involve costly importations of gold by loans instead of the slower process of trade, the natural desire to recover a position in the trade of foreign countries will certainly prolong the condition for a considerable time.

All who study these subjects must be oppressed by the frequency with which they find themselves confronted by the want of confidence which is shown by Labour, and in whatever direction one works it is in evidence. If it were solely directed against employers or solely against the Government, we might feel that there was possibly some excuse for it, though no full justification; but when we find it pervading Labour's own organisations, emanating miasma-like from the mists of its own aspirations, paralysing the action of its own elected executives and officials, rendering their powers to negotiate abortive, robbing them of a man's right to pledge his word and of the power to keep it, we feel that we must look deeper, search further for the underlying causes, though contributory causes and blame may lie on all sides.

The greatest underlying cause of unrest is failure to understand, and failure to understand is the direct result of the absence of lucid and accurate statements of issues and of facts on the one side and of desire for unbiased instruction on the other. If the former could be supplied, as free as is humanly possible, from the blemish of partisanship, we would have nothing to combat except misrepresentation discredited by its own obviousness, indifference which it would be a duty to stimulate, and an atrophied sense of right and wrong

which the inspiration of a readjusted standard of moral and intellectual education would revivify.

We entered this War with a working population of which the most influential section had been taught for at least a generation that to sell short measure in labour was a clever, righteous, or at least a justifiable act.

It is the only short measure that the law of the country allows.

It was used as a threat in negotiation, and it has been and is being used in fact. Those who advocated it, who in many cases got their positions as officials in their unions by advocating it, now must, and in some cases do, realise that it is economically unsound, even if they still believe it permissible tactics in Labour warfare.

There are factories abroad that flourish and keep large populations living by products sold as British in our home markets. This, in spite of costs of carriage, insurance, and packing, is done by running machines fully up to their designed capacity instead of at two-thirds to three-quarters of it as trade restrictions compel us to do. I think our Labour leaders would agree that this is not to the advantage of our country.

What is going to be the position when our armies return—these armies formed largely of workmen and employers who have learned in the purer and more elemental atmosphere of war that confidence between different classes comes unasked where understanding exists? Are they going to see the old errors, jealousies, struggles resume sway? Are those of the men's leaders who have the courage to declare boldly their conversion from, or modification of, old views (and everything pre-war will be old!) to be displaced, sup-

planted, pilloried by the second rankers, whose principle in many cases is affected by want of contact or even based on self-advancement? It is not to be credited, and, if it were attempted, surely it could not be done.

Apart altogether from the interest of the shareholder and his trustee, the employer, the national interest itself is in question, and in our new age the advocacy of all things inimical to it must go down in the limbo of the past with the many deeds of German depravity which need no recalling to-day, but which, after all, were not wreaked on their country and on their own kin.

Confidence must be established between Labour and Capital and the State, and, as I have said, the first essential of such a condition is a complete understanding. The employer must show that he is prepared to carry out the pledge to restore pre-war conditions. If altered conditions interfere, then they must be recognised and properly considered, but, though they may make the execution of the pledge impossible in every particular, that initial obligation exists, and the failure of Labour to implement their portion of the tripartite bargain must not be allowed by employers to affect the redemption of their pledge.

Capital must also recognise that Labour under the new order of things must be given opportunity for larger earnings in many trades than under the old, and Labour must recognise that, if remuneration is to remain at a higher level, that result can only be obtained by increasing the output per capita.

We must never forget, when criticising Labour, that increased production depends on employers as well as

employed ; that the former must organise, plan, and provide energy-saving appliances and plant, while the latter must bring to the problem loyal co-operation, principles purged of prejudice, and a reincarnation of that pride of work and of production that did so much for our country in the past.

The increase in the size of works and the increased difficulty consequent thereon in maintaining the personal relations between employers and employed which was so beneficial an influence in former days is responsible for much, but under modern conditions of competition this feature will increase rather than decrease, but both sides must be actuated by a determination to realise, and as far as possible sympathise with and make allowances for, the other's point of view.

Labour and Capital must both understand that differences between them should never result in attempts to damage an industry, and so handicap their country as against foreign competition.

The part of the State under post-war conditions will be :

(a) To shelter those industries that have been unduly weakened by war or taxation until they recover strength.

(b) To remove " control " and encourage Capital and Labour to meet for the discussion of organisation, the negotiation of new treaties, and settlement of old differences.

(c) To allot responsibilities and see that they and all agreements are duly carried out.

(d) To introduce legislation which, while it leaves these two interests to manage their own affairs, will

make the position of the representatives of both sides so strong and definite, and their decisions so binding, that the danger of strikes will be vastly reduced if not entirely eliminated.

In fields that do not involve interests divergent in detail, the activities of the State must be tireless and unceasing, paving the way for the absorption of the additional production resulting from that closer co-operation of Capital and Labour on which more than anything the liquidation of the enormous obligation incurred by the War depends.

(c) MINING

SIR HUGH BELL, BART., D.L., D.C.L., LL.D.

(Managing Director, Bell Brothers, Ltd.)

The following is taken from (1) a lecture delivered under the auspices of the "United Workers" and (2) an address to the Scottish Society of Economists. They were courteously sent by Sir Hugh Bell for the purpose :

(1) *The Financial Situation*.—We are mortgaging our future prosperity, and, when the time of excitement and stress is over and the world becomes normal again, we shall have to settle down to the dull occupation of meeting the interest on the debt we have incurred.

This consideration leads me to the conclusion that just as before the War so now, even more urgently, are we called on to discuss the subject of the Division of the Product of Industry.

Now, first of all, we must seek to establish what it is we have to divide. The total income of the Kingdom is assumed by the statisticians to be (as I have mentioned) something between 2,000 to 2,400 millions sterling.

This vast sum is divided about equally between two very unequal groups. On the one hand we have the whole of the industrial classes—all those who work with their hands; miners, metal-workers, agricultural labourers and railwaymen, women and children in mill and workshop, all in receipt of weekly wages. If we include all those whose income is not above the standard of the classes I have just enumerated, I think we are safe in saying that a full half of the total income is absorbed by these. There are between fifteen and twenty millions of them, and with their wives and dependent children they comprise very much the greater part of the community.

What remains out of the 2,000 to 2,400 millions of money goes, on the other hand, to the small minority. It is stated that 11,500 super-tax payers take 145 millions among them. They may represent, with their families, 60,000 people, and thus form about a 750th part of the population to which goes about a sixteenth part of the income. It will be observed that the division I have roughly made is not by classes but by amount of income. This does not vitiate my argument, for those whose income is below the income-tax limit are, in the main, those belonging to the class I have called industrial.

No one can pretend that this division is satisfactory. It cannot be well that a statesman should be justified in saying, even to make a rhetorical point, that 13

millions of the population of Great Britain are on the verge of starvation. In a certain sense the statement is true. But it is in a sense true of a much greater number of persons than those to whom Sir Henry Campbell-Bannerman referred. All those who depend for their income on what is somewhat ironically called earned income in contra-distinction to unearned income are in this danger.

Let us ask how this huge sum paid to the minority is made up. It comprises, in the first place, all the incomes derived from investments, except so far as these fall under the total of £160 a year. Capital invested either in Great Britain or one of our colonies or abroad goes to produce part of the unearned income. The railways, the ironworks, the cotton mills contribute. The owners of the ships which serve to bring food to keep Sir Henry's millions from starvation produce their share. The rents of lands and houses are there. All the public debt of this country, whether State or Municipal, adds to the total. But it also contains all rewards for services of all sorts when these rewards produce more than £160 a year.

It is to a further examination of what remains that I wish to turn, for it is from this that many appear to hope to find some means of better adjusting the amount paid to various sections of the community. I propose to show that those who cherish this hope will be disappointed, for the fund from which alone relief can come bears no reasonable proportion to the sum needed to effect a considerable readjustment.

I have frequently cited my own experience derived from a life-long study of the economic conditions of my own trade. I will briefly repeat here what I have said

before. For the iron trade, beginning from the raw material (fuel, iron-ore, and flux) and ending at the finished article, the proportion may be stated as follows: Out of every £100 spent, £70 to £75 goes to wages and salaries, of the £25 to £30 remaining about £10 goes to the owner of the works and the rest is absorbed in various ways which it is difficult to state briefly. It comprises royalties paid for the minerals. It also comprises interest paid to others. This is an item on which I must dwell for a moment, because the more drastic reformers are for doing away with interest altogether, and some of them allege scriptural authority for their views. But how can I escape? The State and the Municipality compel me to pay taxes and rates. A great part of these are labour, and are comprised in the £70 to £75—but a great part is interest on borrowed money. What would the reformer have me do? If I do not pay, I run the risk of imprisonment, and so I pay. Railway dues—of which more anon—consist largely of interest on capital. How can I escape paying this if I will have my goods carried?

In my trade, in this country, I turn my capital over roughly once a year—that is to say, my gross income is about the same as my capital. It is clear, therefore, that the £10 or so left over for me is 10 per cent. on my own capital, while the £70 to £75 disbursed in wages, directly or indirectly, is 70 per cent. to 75 per cent. on my capital. If wages rise 10 per cent., I have to pay £7 to £7 10s. more, and, as the only fund in my control is the £10 aforesaid, it is clear very little will be left to me. My trade will not be worth carrying on. And all the more true is this because, if I were to divide as profit the whole of the £10 remaining to me, I should

speedily become bankrupt because my works would become obsolete. If you will take the balance-sheets of any prosperous concern, you will see that they never divide more than between one-half and two-thirds of the gross profits. The rest goes back to maintain and improve the business.

The moral is that, under existing circumstances, the present division of the products of industry cannot be divided in any very much different way from the present.

(2) (a) *The Situation after the War.*—I will endeavour first to forecast the circumstances in which we shall find ourselves on peace being imminent, then to consider how we shall deal with them, and, finally, to lay before you in some detail certain of the objections to a change in our fiscal policy.

With regard to the first of these subjects we may assume that negotiations, however begun, will at some early stage bring about an armistice. During this, all hostile activity will be suspended. But neither side will be willing at this preliminary stage to give up the positions held, nor to discontinue supplies of all sorts to the troops. Food will, of course, have to be brought up, and, if the supplies of actual warlike materials to the front cease, it is clear that their manufacture will not be immediately stopped, and even their transport towards the front line will continue. Guns, shells, and ammunition in transit will not be arrested. Like materials nearing completion will be finished, and, if those not so far advanced are completed, there will be a point at which the manufacture will be dropped.

What is true at home is also true abroad. Here,

however, certain other considerations have to be entertained. Just as the hostile armies will maintain their position during the armistice, so the navies of the warring nations will remain at their stations. The sea will be free to us and our mercantile ships, but only under very stringent regulations to others. We shall thus secure the world orders which call for early execution.

As the negotiations make favourable progress, the lands devastated by months of incessant strife will begin to be brought again into cultivation. Building operations will begin. Roads and railways will be repaired. Bridges destroyed during the war will be reconstructed. Can there be any doubt that it will be to us and our Allies that these countries will first look for the supplies of the necessary materials? If for no other reason, they will come to us because we alone can begin at once and without any preliminaries to send the goods.

This transitional situation will continue till some considerable progress is made towards the definite treaty of peace. If, as we may hope, we are able more or less completely to impose our wishes on the enemy, this progress may be very rapid. It is not unlikely that, in view of the exceedingly complicated questions to be settled, the earlier negotiations may drag on in a very wearisome fashion. While they last, we in this country will have ample time to make ready for their conclusion. From all these considerations I judge that there is no need to feel anxiety as to what our position will be at the time when peace first appears within our reach.

(2) (b) *How to Meet It.*—It is well that we should be

prepared to take measures to mitigate conditions which experience has taught us cannot altogether be avoided. Let us ask in what way this can best be accomplished. Is it not evident that we should encourage the largest possible demand for the products of our industry? Those of us who are engaged in the great productive branches of that industry must keep this object continually before us. We must be ready when the time comes to turn our attention, now devoted entirely to producing munitions of war, to the articles needed in times of peace. I have already indicated some directions in which I think we may find employment for our energies at home.

Even more important (if that be possible) is the question of regaining our foreign trade. By the exigencies of war we have sacrificed many of our foreign investments. The interest on these, discharged by the foreign debtor in commodities, served in part to pay for our vast volume of imports. We shall still require to import great quantities of food and raw materials.

It is obvious that in a small and densely populated country like Great Britain the object of our economic policy is to pack into our exports the largest quantity of labour possible. To give an illustration, two or three tons of ironstone and something like the same quantity of coal became first a ton of pig iron and then a ton of steel, and finally, it may be, part of a ship or a bridge. These original raw materials were dug out of the earth and made available at its surface largely by means of labour. At least 70 per cent. of their cost was due to the exertions of living men. By the processes to which they have been submitted,

that cost has gone up many fold. When I export my finished article, I am, in fact, exporting the labour of a veritable multitude of workmen which has been packed into the small resultant bulk to which I have reduced the original six tons or so of material. In what way can we best accomplish this most desirable object? Is not the answer to this question, "By encouraging the bringing of goods to us from abroad"? For just as we have not gold to export, so the other countries are, speaking generally, without it, and must, if they are to buy from us, first have something to offer which we require.

But it is thought that Germany, with whom by the assumption we are at peace, will submit to being put into the position of having to accept what we prescribe. May she not say, with some reason, "You shall have my potash, which you all want, on condition that you allow those of your people who want my steel billets to have them if they can make a satisfactory bargain with me as to the price"? I pass without discussion the infinite complexities of a tariff which shall nicely discriminate between the amount of preference due to Sweden and the United States on the ground of the precise shade of their neutrality, and shall then proceed to determine how far the treatment to be afforded to the most benevolent neutral shall differ from that given to the closest Ally. I ask in no cynical spirit whether France (if she pleases) may dump more freely than Italy, and how the claims of Roumania are to be apportioned with reference to those of Greece, should the Venizelos party finally carry their country with them into war on our side?

(d) MANUFACTURE**MR. EDWARD CADBURY, Bournville**

The answer to the question as to the best policy to be pursued by Labour, Capital, and the State depends on the point of view from which the problem is approached. If the end in view is one of merely material progress and the capturing of the trade of the world as an end in itself, then I am afraid it will be impossible to harmonise the relations of Capital, Labour, and the State. The end we ought to have in view should be the levelling up of the education, physical, mental, and moral, of the whole population to the basis of the best, the giving of the whole population a real stake in the country, and the abolition of the inequalities of wealth and welfare that now exist. This must be brought about, not by the pressure of a benevolent autocracy at the top, but by the effort, initiative, and resource of those at the bottom. We shall then see the future relationship of Labour, Capital, and the State from a different angle.

Education

Education is the first and most obvious concern of all three partners, for they must be partners if there is to be true progress. Labour must demand the raising of the school-leaving age to sixteen, and part-time education to the age of eighteen, and be watchful against a too early specialisation. If Labour is to take its right place in the State, it must have knowledge—knowledge of political history, knowledge of economic history, knowledge of the best literature, and a true

esprit de corps. This involves that the status and remuneration of the teaching profession must be raised, so as to attract the best talent. Capital will need a method of education that will encourage initiative and resource, and will open the way for the best brains freely to obtain the highest scientific and technical training. The State will have to combine both points of view, and see that, while there are ample facilities for the best technical and scientific training on the one hand, on the other hand there is neither a too early nor a too rigid specialisation, and that the citizen is not turned into a mere producer of wealth.

Industrial Organisation

Industry will have to be organised, both from the Capitalist and the Labour point of view, very much more completely than at present. Manufacturers in this country, if they are to hold their own in the face of the fierce international competition that will follow the War, whether immediately or after a few years, must cease to act as isolated units, and co-operate in research, in organisation, and probably in buying and selling. Labour must also organise, and Capital and Labour must learn that, however wide apart their interests appear to be, yet careful organisation and a high average output are essential to preserve the trade of this country, and to pay the much higher standard of wages that I believe we shall think essential in the future. There must be some method by which Capital and Labour in each industry can meet together and discuss the problems of that industry; Capital must take Labour into its confidence, and Labour must feel an increased sense of responsibility.

Scientific Management

Capital and Labour will also have jointly to discuss the question of Scientific Management. If the industry of this country is to hold its own, it must use every legitimate means to economise labour and material and increase output. The work and material must be carefully planned from department to department, so as to eliminate waste of time and waste of effort. Manufacturers will have to specialise more and concentrate on to fewer patterns in order to get continuous and uninterrupted output from their machines, and thus use both plant and labour to the best advantage. Tools and operations will have to be carefully studied so as to economise effort. The possibilities of output will have to be ascertained by careful time study methods. Labour, in the future, will not have to fight these methods, but to understand them, and see that the workers get a fair share of the gains made by Scientific Management.

Division of Profits

If Labour is entirely to forgo in the future all idea of restriction of output and whole-heartedly to co-operate with Capital, there must be some safeguard as to profits, and, if manufacturers are to work in close co-operation with each other and in alliance with Labour, the consumer must be protected. I suggest that there should be a fixed remuneration of Capital, varied, no doubt, in accordance with the risks run. After this fixed remuneration of Capital has been paid, and ample depreciation and reserves allowed for, the surplus profits should be divided into three parts: Management and Labour, Capital, the State.

Not only Labour, but the management also, should have a share of the surplus profits. Able and skilled management will be more than ever necessary under the new régime. Labour's share could either be divided as a cash bonus, or put aside to form pension funds, insurance against unemployment, etc.

The share of the State should go towards research, education, housing the workers, pushing British trade abroad, improving the means of communication, all of which will need large sums of money, and will be re-productive. In order to be able to face the enormous taxation that will be necessary after the War, the State must co-operate with and stimulate industry, assist Labour to be efficient by providing healthy surroundings and the best education. If the State is a partner in industrial profits, it will tend to make the State increasingly interested in the efficient management of industry and the education and welfare of the workers.

(e) TRADE

MR. ERNEST J. P. BENN

(Managing Director of Benn Brothers, Ltd.)

The questions which you raise are of first-rate importance, and it is all to the good that they should be ventilated, but it seems to me that an answer to any of them is impossible, because the only authority that can give that answer does not exist.

Mr. W. L. Hitchens, whose contribution to the *New Age* of February 22nd deals so ably with industrial problems after the War, made a speech

some months ago at the Guildhall on Education, and used this phrase :

"He could not claim that his views represented those of the business world. Indeed, he did not know what the views of the business world were, for as things were constituted to-day there was no means of ascertaining the collective opinion of the business world on any given subject."

The little discussion which has already taken place on the question of reconstruction after the War has brought out two main facts. It has shown the extraordinary complexity and the enormous proportions of the problems involved, and it has also disclosed a much more widespread interest in industrial questions than existed before the War.

Every thinker on the matter must recognise the futility of discussing details at this juncture. Indeed, in my opinion, there is little or no use in the discussion of details at all by the sort of people who are now engaged in reconstruction problems. On the other hand, the greatest difficulty of all, and the difficulty which most debaters find it impossible to overcome, is the fatal fascination of detail in these great questions of finance and industry.

Perhaps I should explain what I mean by detail. I look upon tariffs as a detail. The position of women in industry is another. The application of science to trade, the problems of education, the hours and rates of labour, are all specimens of the details into which the debate has a habit of drifting.

The real problem which is at the back of all these lesser questions is the question of the true relation of the State to industry. Before considering the

relations of the Government to trade and industry it may be convenient to inquire what is it that the nation wants from trade. We have got into the habit of giving the whole of our mind to side issues, like Free Trade and Protection, or work and wages, and it seems to me that we have now to go back a little and consider the primary interests of the nation in industry.

If we take as an example the boot trade—I select boots because I know nothing about them—if we look at the boot trade from a national point of view we find :

A few hundred so-called masters, representing a few millions of capital, at present in control of the trade.

Next there is a much larger body of managers, salesmen, accountants, travellers, shippers, and wholesale and retail shop-keepers.

And last and most important, an army of operatives engaged in the actual work of manufacturing boots.

Looking at the matter from the national point of view only, the best things that can happen are :

That the maximum quantity of boots should be produced.

That the proportion of boots to population should be high.

That the largest possible number of pairs of boots should be sent abroad.

That, it seems to me, is the national point of view.

Next we arrive at a number of secondary considerations, such as foreign competition, involving questions like tariffs, and wages and profits, which are domestic questions as between the different persons in the trade. But the first essential is the production

of the maximum quantity and adequate arrangements for the disposal of that production, a problem which, so far as I am aware, has never attracted the interest of the politician or of the Government.

A further study of the boot industry will show that the small body of masters are able to withdraw their capital and stop production altogether if it suits them to do so. On the other hand, the operatives can call a strike with the same result. Either of these parties may so act as to send the industry, lock, stock and barrel, to Germany or America.

This sort of thing has happened many times. There is no authority which can watch the national interests in these matters. The British boot trade to-day depends upon the accident that a number of capitalists, managers, and workpeople will, in their own discretion, think it worth while to engage in the manufacture of boots.

I suggest that it is the duty of the Government to make such arrangements that this nation shall occupy a proper place in the boot world. I submit that the maintenance of output in boots, as in everything else, is a proper matter for the consideration of the Government.

The work of the Government in assisting trade and industry should take the form of organisation, direction, or control, rather than of direct intervention in actual trading transactions. The Government should encourage the activities of traders and not attempt to compete with them.

Hitherto the State has been content to exercise its powers *in restraint* of trade and industry. It has very properly imposed upon factories and pro-

cesses and employers and employed all sorts of rules and regulations and restrictions, varying from guards on machinery to load lines on ships. This sort of thing is quite essential and must be continued, but the State has considered that its duty to industry was complete when all these obligations were prescribed.

I submit that the State has a much higher and more important function to perform in the *promotion and encouragement* of trade. Our trade and commerce is the only part of our national life which is not organised upon a representative basis. There are vast stores of energy, ability, and genius in business, half of which is now wasted owing to lack of cohesion and organisation. The Government must deal with trade in a much bigger way. It must learn to think in hundreds of millions and ignore details. It should not dabble in trade any more than it dabbles in local affairs. In trading matters the Government ought to prescribe and not dispense.

I commend to your attention the suggestions contained in the letters to *The Times* on the "Elements of Reconstruction." The writers go a good deal further than I am prepared to go, and challenge the constitution of Imperial Parliament itself. They call attention to the fact that "we have on the one hand representatives of such places as Croydon, or Hampstead, or Battersea, whose inhabitants have scarcely anything in common except a postal address, and, on the other hand, if we want to deal in any satisfactory way with the transport workers, or medical men, or electrical engineers, we have to go outside the formal constitution altogether and discuss matters with trade and professional organisations that have

neither legislative nor administrative power, that may not represent the entire profession or industry concerned, that are often mere organisations for restricting work and raising wages without any tradition or sense of public function."

I have the greatest respect for a member of Parliament, but a member of Parliament is very seldom a representative trader. He is not, as a rule, identified with the interests of any particular trade; if he is, he ought not to be. His duty is to watch the interests of all trades, and of the nation as a whole.

What does the honourable member for, say, Brighton, as such, know about the cotton trade? To put upon the representative of Brighton the responsibility for cotton matters seems to me very like delegating to churchwardens the task of compiling railway time-tables.

In considering the possibilities of a connection between the State and trade the question of initiative arises. I am frequently told that the first step should come from the trades themselves, that there ought to be a general demand on the part of trade unions and associations for Government recognition and help. I believe that the initiative must come from the Government. Manufacturers are interested in prices, workpeople are interested in wages, and both have done a great deal to promote their respective objects. I suggest that there is a more important interest in trade than either of these two, the interest of the nation, and that the nation, through the Government, should take active steps to promote that interest.

I therefore argue that the real problem is to find the ideal basis of industrial organisation. There must

be a sort of local government for trade, an authority in every trade to which questions like tariffs or science or wages or the position of women, can be delegated for settlement.

It may be convenient at this stage to state exactly my conception of the National Trading Organisation which, in my judgment, the Government ought to bring into being without delay.

The basis upon which I build is the trade association and the trade union.

I would have every manufacturer in a given trade a member of the trade association.

I would require that every workman and workwoman in that trade become a member of the trade union.

And from the two bodies I would construct a Trade Council to which the Government would give a status and responsibility, placing it in much the same position as a local governing body.

Out of these numerous Trade Councils I would elect a National Trades Council, and, presiding over this, I would place a member of the Government specially responsible for the promotion of the trading interests of the country.

The effect of some such arrangement as this would be to change the basis of industry from a personal to a national one. The personal interest would be maintained, but the national interest would be superimposed upon it.

If the thing were done properly every citizen would be given a third vote—he now has two, parliamentary and municipal—which would be a trading vote. He would select his trade and use his vote in it, just

as he now selects his residence and thus secures the franchise.

It would then no longer be necessary for Parliament or the Government to waste time trying to improve and more usually wrecking trades with all sorts of stupid orders, the effects of which are never understood at Westminster. There would be a proper authority to which each of these questions could be delegated.

The wisdom of the principle of devolution is admitted. The most, if not the only, successful things that have been done at home during the War have been done by local authorities. Recruiting, War Savings, Food Economy, National Registration, have all been handed over to the County Councils. Where the Government has not adopted this plan, failure has generally followed. When the principle of devolution is applied to industry, then we may look for a period of great prosperity, because of the practical efficiency in control which will result.

So far I have said nothing about Labour, and yet it is the most urgent, pressing, and important of the questions which I was invited to discuss. Any settlement of the trading problem is out of the question unless the co-operation of Labour can be secured. Satisfactory working arrangements with Labour can never be made until bodies representing Capital and management of equal standing with the trade unions have been brought into existence. The establishment of thoroughly representative trade associations, together with the existing trade unions, would make possible the creation in each industry of governing or controlling bodies composed half of masters and half

of men, who could be responsible to the Government for the welfare of each particular trade.

Mr. Harry Gosling, in his presidential address to the Trade Union Congress, used this phrase: "Would it not be possible for the employers of this country to agree to put their businesses on a new footing by admitting the workmen to some participation, not in profits, but in control?" That is the very latest demand of the highest authority in the labour world.

If Labour could be made to see that its real need is increased production, all these wonderful powers which Labour has displayed in its fight against Capital would be utilised in solving the problems of production. This idea is gaining ground, as is shown by an article by Mr. T. E. Naylor, of the London Society of Compositors. "I suggest to you," says Mr. Naylor, "that the time has come when your organisations should cease to be merely defensive and resistive, and should begin to participate actively in the development of industry. Whether this conception is new or not, I do not know. I do know that it has never been tried, and I earnestly appeal to you to give it a full trial."

If we put the problems of production in their order, they are, roughly, as follows:

- (1) Education.
- (2) The application of science to industry.
- (3) The elimination of waste.
- (4) The disposal of the product.
- (5) Wages.
- (6) Profits.

Now, the whole nation is interested in problems (1), (2), (3), and (4). Labour and Capital are equally dependent upon their successful solution. Labour and

Capital are equally entitled to express an opinion with regard to them, and it is not until they are solved that any question of wages or profits can arise.

I am aware that in practice wages is the first charge upon industry and profits the last, but it must be recognised that the questions I have mentioned have to be faced before either comes into existence at all. These questions have hitherto been regarded as the sole province of the management. Neither the individual labourers nor the trade unions have attempted to take any interest in them.

My demand is on behalf of the Nation for the fullest possible development of each industry. My argument is that everyone engaged in that industry ought to be given the opportunity to take a hand in that development. My theory is that this can only be done by the introduction of the representative principle into each trade, and the setting up of authorities for the study and control of the whole trade. On these bodies Labour should have an equal voice with Capital.

MR. WALTER HAZELL

(Chairman of Hazell, Watson & Viney, Ltd.)

You invite me to say something as to the after-war industrial situation. I have not the gift of prophecy, and I find it very difficult to predict what will happen. There can be no doubt that many of our institutions and preconceived ideas are in the melting-pot, and that after the War conditions in many, if not all, sides of life will be greatly changed.

You suggest that I should say something as to partnership between Capital and Labour after the War.

This is an ideal condition to be aimed at, though, like all great movements, it is, of course, surrounded with difficulties; but difficulties are created in order to be overcome. I have long held that a sharp line of division between those who own the capital and manage undertakings and those who do the actual manual work, but have no proprietary interest in the concern where they are employed, is altogether arbitrary. The system of limited liability companies, while it has tended to absorb small concerns into the larger undertakings, and has therefore made personal touch between employer and employed more difficult, has the great advantage on the capital side that, as the capital is often provided by a number of shareholders, there is no reason why every thrifty employee should not be a capitalist shareholder in the concern where he is engaged. It seems to me quite reasonable that he should ask for this position. We are familiar with the competent leading employee who becomes so valuable to his firm that he asks for a partnership as a condition for remaining with them. I see no reason why the rank and file of the employees should not also ask for partnerships under suitable conditions.

Capital is the result of saving, and I see in the example of the great co-operative societies how, during two generations, tens of millions of pounds have been accumulated in fractional sums as a result of the dividends on the members' purchases. It seems possible that a half-way house may be established between the ordinary firm or company, where the employees have no share of ownership, and the co-operative society, which is owned by many small shareholders, who cannot, by a rule of the society,

hold more than £200 capital each. Such joint ownership would have many advantages. The mere share of profit earned by the workman's capital would be a more or less important addition to his income, but perhaps an even greater advantage would arise from the fact that, as a shareholder, he would understand the difficulties of the concern and would identify himself with its ups and downs. It is true that the weekly-wage earner, either in peace times or now, with the inflated cost of living, would often find it difficult to save much, but it can be done, and is done in notable instances. There is a time of life when the ordinary wage-earner can, in numberless cases, save considerably—that is, the period between his reaching a man's wage and his marriage. I know that during this period some give substantial help to their parents, but many are so placed that there is a considerable margin between income and reasonable necessary expenditure. A small amount of capital saved early in life leads later on, by the accumulation of years, to greater sums, and also encourages the habit of thrift—a habit difficult to acquire, but, when acquired, comparatively easy to maintain. On this side of the question I have some opportunity of speaking from experience. For nearly a generation I have encouraged, in every way possible, the employees in my firm to save, and through the organisations which we have set going they have put by about £80,000, made up by hundreds of thousands of small payments.

Whether employees become shareholders or not, there is much argument in favour of their having representatives chosen from themselves to confer with the management as to the administration of the busi-

ness, at least so far as it affects their comfort and welfare. If these ideals were worked out on a wide scale, it would gradually merge the earners and the capitalists into one body, though, I admit, this would be a matter of slow growth.

As to profit-sharing, by which I mean giving the worker a bonus out of the profits, irrespective of his special work or competence, this is excellent on paper, but difficult of satisfactory application. Most large businesses have ramifications which are unseen by the employees. Few businesses go on year after year exactly on the same conditions. The year's results may be good or bad because of changes in the markets, successful or unsuccessful developments, and so on, and while they would affect the total, the increased share of profit or its disappearance would arise from circumstances of which the ordinary workman might have no knowledge, and over which he had no control whatever.

As to piece-work compared with time-work, there can be no doubt that piece systems should enable the worker to earn higher wages than he would on time, by his being encouraged to feel that added exertions brought at once increased income. I know that many workers have been disheartened because, after a piece-rate has been established and men have found out how to increase the output, the employers have reduced the rate. This is a most disastrous proceeding, and must take the heart out of any man who so exerts himself only to find that he is no better off in the long run. It is difficult for the management to arrange a piece scale which will be equitable; it may in the result turn out to produce the worker even less than he would

earn on time, and this, of course, would necessitate a raising of the rate. On the other hand, a slight modification of the process may bring the piece wages up to an altogether unexpected high rate, which, in my opinion, should not be reduced. I offer a suggestion which I have not seen tried, but which may be worth consideration. Let us suppose that various groups of men are working on piece at the same factory. A few, without undue exertion or extraordinary cleverness, earn very high wages, because the rate has been highly pitched; others quite as deserving do not earn enough. It might be possible to arrange that, after the extremely highly paid men have reached a certain sum greatly above their time rate, any excess should be halved, one-half to go to the worker and the other half to be pooled for the benefit of those who are earning less than they expected. This may seem fantastic, but with good feeling and common sense on both sides I do not think it is impossible; at least, I offer it as a better solution than what I consider the objectionable system of reducing the piece rate once fixed.

There is a side of the industrial question which has not had full consideration. It is the monotony and the narrowing of outlook which comes from minute subdivision of labour. Pride in one's work is a source of happiness and brightness, but it is very difficult to be proud of one's work when it consists in repeating thousands of times a day two or three simple hand movements where no training is needed, except the art of using the hands with incredible swiftness, and where judgment, outlook, and all the many sides of human interest which accompanied the work of the old-time individual artificer are wanting. The deadening

influence, both to body and mind, is extreme. It is greatly to the honour of those who are thus circumstanced that in so many cases they are leading intelligent and helpful lives. How such monotony can be overcome it is difficult to say. One remedy arises from the fact that working hours are being gradually shortened, leaving time for development of life on other sides. I wish on this particular head I could propose any satisfactory remedy.

The vexed question of limitation of output is one which must be faced in the after-war conditions if we are to hold our own for our essential export trade in competition with the world. If it be true that he who grows two blades of grass where one grew before is a benefactor to the race, surely the same idea applies to producing two articles of usefulness where one was produced before. Greatly as I deprecate any idea of limitation of output, I see from the point of view of the worker, who may look at the question only by the week, that he fears excessive diligence may finish his job rapidly and so produce unemployment. He perhaps forgets that the more cheaply work is produced the wider the market, and, if he produces little, he is indirectly depriving his own family of the comforts of life. Against the danger of unemployment the system of unemployment insurance is being gradually developed, and a system of partnership such as I have described would encourage the maximum of production for his own benefit.

There are many other ways of improving the industrial situation. It is said that the usual large employer cannot be in personal touch with his employees. This may be true as regards one individual who em-

plays hundreds or thousands of people ; but when the heads of a concern have a right feeling of responsibility to, and friendly interest in, their employees, the personal touch can be maintained, provided employers will place in responsible positions only men and women of sympathetic natures who are guided by fairness and consideration to those whom they control. We need on both sides a better spirit. Amongst employers we need to develop a race of men who will look upon their position, not as a means of making, if possible, great fortunes, but as a trust which they are bound to carry out on the best lines possible, both for their employees and themselves, and who will consider it a point of honour to promote in any way consistent with mutual self-respect the well-being of those around them. On both sides there is need to realise the primary duty of carrying out faithfully any undertakings that have been entered into, either by themselves or their trade unions. Good faith is the basis of all hearty co-operation. We need men who will look at the difficulties as they arise with a sense of fairness, and will try to realise the difficulties of the position of the man on the other side.

I am hopeful for the future. We have found that we have much to learn from the enterprise of other countries. We have been shaken out of a kind of self-satisfaction which made us think that we have very little to learn. We must improve our general and scientific education, we must in every possible way bring brains to bear upon the administration of our commercial affairs. The War has brought together various social classes in a way we could never have anticipated. We are united through a sense of common

danger, common sorrows, and common losses, and in our determination to stand by our country and Empire in the hour of its greatest crisis. Let employers and employees aim at a better understanding of each other's position, and put honour and duty before mere money advantage.

(f) TRANSPORT

MR. F. DUDLEY DOCKER, C.B.

(President of the Federation of British Industries ;
Chairman of the Metropolitan Railway Carriage
and Wagon and Finance Co.)

I have had the advantage of reading the reply that Sir Robert Hadfield has made to your very pertinent questions. In principle I cordially agree with him, and will only add a few lines. Without doubt, it is to the interest of all employers to make their work-people happy. In my judgment, the relations between Capital and Labour can be put on a firm basis if the representatives of employers and employed are allowed to come together and discuss the problems without interference from politicians and those who make theories a profession.

Surely those who have fought side by side in the ghastly months of trench warfare can be trusted to live in peace together ? It must never be forgotten that it is the successful combination of Capital and Labour that is going to carry this War to a victorious conclusion.

The immediate problems that will arise when the War is over are the reinstatement in civil life of a

civilian army and the resettlement in normal employment of the munition workers. Both these questions can be solved by the goodwill of employers and employed, and in the doing it is to be hoped that the cloud of suspicion that befalls all discussions of labour problems will have been dispersed. This suspicion is at the root of many difficulties between Capital and Labour. When these two problems are out of the way, the standard rate of wages must be adjusted and the theoretical subject of the restoration of trade unionist conditions of labour must be faced and settled. Nothing but fairness and frankness will solve these problems. The employers recognise that the pre-war rates of wages are no longer applicable, and they are prepared to do what is right. They would also welcome improvement in housing and an increased degree of comfort in the life of the workpeople. In return they expect reciprocal treatment from the men. Trade union rules must not prevent either plant or men from doing their best. It is only by letting a man show his capacity that you can stimulate his ambition, and so relieve the monotony of the worker's life. Moreover, this war must be paid for, or the nation will be crushed under an incubus of debt; and if the loans are to be redeemed and a high rate of wages paid at the same time to the men with a general social amelioration, it is essential that the output of British industry must be increased.

I think very little action by the State is necessary. Public opinion is prepared and awakened. What is requisite is that full opportunity should be given to the representatives of employers and employed to meet, discuss, and settle. There must be an end to suspicion,

and the representatives of both sides must feel that they are accredited and that their decisions will be accepted with confidence.

I have already publicly expressed these views at a large meeting of representatives of Capital and Labour held in London on December 7th, when, I am glad to say, they were very favourably received.

(g) FEDERATION

MR. R. T. NUGENT

(Director of the Federation of British Industries)

The immediate result of the end of the War should be an enormous demand for all manufactured commodities, in order to replace the wastage caused by destruction and by the partial cessation of ordinary production during the War.

This should mean, for Labour, full employment and high wages, tempered by high cost of living; for Capital, a large demand and high interest; for manufacturers, plentiful orders tempered by high cost of raw material, high freights, and high interest on fresh capital; and for the country generally, a period of considerable prosperity, coupled, however, with heavy taxation.

The extent to which these results will be produced will, however, depend almost entirely upon a factor which will be of overwhelming importance to the future of the country—the intense international economic struggle which will follow the War, and the success or failure of British industry in that struggle.

The War will have to be paid for, necessitating a great increase in the earning power of all the belligerent countries if they are to succeed in recovering from "war exhaustion." At the same time the resources of many neutral countries have been enormously increased, and the value of the belligerent countries as markets sensibly decreased ; this must result in a much fiercer competition for the markets in which purchasing power has not been diminished by the War, and especially for those markets, such as the Far Eastern and South American, which are capable of considerable expansion.

If the country can secure a good share of the world markets, the period of full employment and prosperity immediately following the War may continue indefinitely ; if it does not, a very few years will see Great Britain a poverty-stricken minor Power.

The future competition of nation with nation for the trade of the world will, therefore, be of infinitely greater importance to every individual in this country than any of those questions of competition between firm and firm, or between Capital and Labour, which before the War absorbed nearly all our attention. It is essential to have a cake before one can divide it, and a thorough realisation of the fact that the cake can only be obtained by combined effort, and that quarrels between employers and employed, or cut-throat competition between employer and employer, will mean no cake at all, is absolutely essential.

My answer to the second series of questions, therefore, is that there must be one common policy for the three classes mentioned—co-operation, co-operation between employer and employer, between trade and

trade, between employers and employed, and between all classes and the State, so that the whole industrial and commercial power of the country can be directed to secure success in the coming struggle.

The first obvious essential for co-operation is goodwill based upon an appreciation by all classes of the gravity of the issues at stake, and of the continued necessity of subordinating private or class interests to those of the country.

Given goodwill, the next essential will be organisation to enable that goodwill to work, organisation by which manufacturers in the same trade may co-ordinate their efforts, by which trade may consult and co-operate with trade, employers with employed, and, finally, industry as a whole with the State and with other interests in pursuing a common national policy.

This organisation must be built up by various means too elaborate to describe in detail, but it is obvious that trade associations must be expanded and strengthened, the associations of different trades linked together by some central body, the means of discussion and joint action between this body, the central bodies of other interests such as labour, finance, or commerce (which themselves will need expansion and strengthening) perfected, and the State itself brought into closer touch with them all.

If co-operation based on goodwill, and organisation based upon an intelligent appreciation of the situation, and a determination that no individual and no class must pursue a policy calculated to benefit themselves temporarily but to injure the country and themselves with it eventually, can be secured, there seems to be no reason to regard the future with apprehension.

(4) RESEARCH**MR. JOHN HILTON****(Of the Garton Foundation)**

(1) (a) and (b) Everything depends on when the War ends, what sort of a mood it leaves us in, and what ideals inspire us in the work of reconstruction.

So far as one can foresee at present, there will be no great unemployment for several years after the War. The trouble will not be lack of work, but lack of goods and services. Unless a special effort is made, the total national output (and consequently the national income) will be smaller than before the War. Out of the total national dividend a large slice of wealth will be required for repairs and reconstruction, which will not at once bear consumable fruit. Though labour will be in demand, the demand for capital will be still greater, and a diminished stock of capital will tend to take, in the shape of higher interest, even more than its pre-war share of the national dividend. The prospect for "earned incomes" of whatsoever kind or degree does not look favourable. Further, the payment of the annual charges on the National Debt (which promises to be at least £5,000,000,000 before demobilisation is complete) will tend to divert £300,000,000 or £400,000,000 per annum from the non-investing to the investing class. Unless a big effort is made, a sound policy pursued, and a decent spirit shown all round, any after-war impoverishment appears likely, therefore, to gravitate towards the wage-earner.

I (c) I do not know what "the nation as a single commercial entity" means. It isn't.

(2) (a) It would clear the ground a good deal if every one were compelled, before giving an opinion on specific subjects such as these, to answer the question: "What sort of a world do you want?" Were I compelled at pistol-point to answer that question, I should try to explain, among other things, that in the world of my dreams quality of life would count for more than rate of production, the perfecting of the faculties would be sought rather than possessions, adventure would have precedence of security, the capacity to endure trials would be esteemed higher than the power to command comfort, and the generosity of courage would prevail.

That said, I may still contend that the most pressing necessity in the years immediately following the War will be that every one who can be engaged in the production of utilities (the word excludes fripperies and servilities) without detriment to those ends that are more important than production (this rules out the employment of children, mothers, etc.) should be so engaged, and that every worker, while at work, should give the largest measure of the best service.

The War has shown how high must have been the unrecorded rate of unemployment in the pre-war age, how many of those who were employed must have been producing futilities rather than utilities, and to what an extent the average producer must have kept his productive powers under strict control. These almost suffice to explain "the economic miracle of the War"—that we can abstract four or five million men from civil life, spend five or six million pounds a

day on war-making, and yet have less destitution than has ever been known. The War has revealed great latent productive power. If we make the most of that revelation after the War, there need be no shortage of the means of life.

Only by producing utilities unreservedly and consuming them sparingly shall we be able to provide, after the War, the means of decent subsistence for all, and a sufficient margin for the repair and extension of the means of production and distribution.

How can the employee in a great modern industry be sure that, if he produces more, he and his fellows will receive more? How can he be sure that the increase will not all flow to the employer or the capitalist? He cannot be sure. There is no certainty, thank heaven, in human affairs. But there are one or two things that he can take as absolute, such as that wealth (the means of life) is a flow rather than a fund; that wealth (the means of life) cannot be divided unless it is produced; and that slacking produces dry rot in the slacker. If Labour has self-confidence, self-respect, courage, and sense, it will go into production as though it meant business and attend to distribution after. If Labour is lacking in these qualities, and is afraid of the employer and afraid of Capital (with a big C), it will go easy on production, lest someone should come and filch the fruits of its labour while it is not looking. I fancy that the less energetic Labour is in regard to production, the less alert will be its weather-eye.

To prevent the National Debt adversely affecting distribution, care should be taken that the revenue necessary for paying the charges on it are raised by

direct and not by indirect taxation. Apart from the all-round confiscation of all fixed capital (which would almost certainly be a stupid and ineffective operation), I see no better way of shifting the wealth-pull over from Capital to Labour than the dilution of Capital. Labour should dilute Capital's capital with the largest measure of Labour's capital.

(b) As for the policy of Capital after the War, I would suggest that Capital should put more brains and pluck into its business. The economic waste resulting from the investment of capital in misbegotten enterprises is appalling. The economic waste from investors not knowing a likely thing when they see it, and not having the pluck to back their discrimination with hard cash, is still more appalling. The large capitalist is the least sinner in this respect; the small capitalist the worst. The State as capitalist-in-general would be worse than all. We need, quite as much as anything else, an educated and courageous investorate.

There is no mention in the *questionnaire* of "Management." In which group is Management tacitly merged, in Capital or in Labour? I would suggest that Management is under one hat with Labour. Labour knows or inevitably finds that Management is worthy of its hire, and need not be grugged big profits if its tastes lie that way. Few functions in modern industry are more wretchedly paid than Management in proportion to services rendered. Labour and Management have no time to quarrel in their joint task of hiring capital cheap and getting the last ounce out of it when hired. Employers and employed should unite to employ their employers.

II INDUSTRIAL REORGANIZATION

2. 1. But this is the internal and inner side of the matter. But all the industrial problem is much more a social and political question. The trouble is most of our thinking about industry is that we fail to observe its wide external influence is the basis of the morality of the body politic. This cannot be charged against the U. S. A. Hence we think and act politically in terms of parties and issues of the realm and geographic considerations rather than in terms of industrial concerns. Trade Unions and Employers' Federations, and we give votes according as parties are householders and farmers rather than qualified engineers, farmers, carpenters, and masons. Exclusively industrial politics would of course be just as bad as exclusively class, or racial, or religious, or "political" politics. But, in the last century or two, industry has been regarded as an interference. The industrial problem will not be solved until industry is recognised for what it is—a dominating feature of the social order.

It would seem that there must sooner or later come into being an industrial administrative structure, co-existing with the present political structure. Should that be so, industry must either become democratic, or political government must become autocratic; for it is hardly conceivable that absolute government in one department of social affairs should stably exist alongside representative government in another. I would plunge for responsible democratic control in both on the ground that with all its defects it has the promise of yielding a higher quality of life.

The industrial structure to work towards appears, therefore, to be (assuming that the character and general run of industry is not to be radically changed,

and that could only come about as a result of a revolution in the standards of taste and value) one in which the large industrial concerns are so many industrial commonwealths administered by joint councils of employers and employed, in which every staple trade has its national industrial council or parliament composed of representatives of all the functions of industry, and in which the State (having its being in, and drawing its authority from, a general electorate) presides over the whole.

This, or any other more desirable arrangement, is only possible on one condition : that organised Labour definitely abandons its negative or defensive or obstructive attitude, and takes the initiative. When Labour comes to regard industry as its personal concern (instead of merely labour), aims at producing in advance of anyone else its own suggestions for industrial improvement, discovers for itself possible time-saving methods and devices, and threatens to strike if they are not introduced, takes it upon itself to reprimand managers who are incompetent or too easy-going, insists on wasteful competition between kindred firms ceasing, makes technical education a personal matter, insists in doing good work, whatever anyone may say—then Labour will come into its own and a new industrial order will be on its way.

Efficiency, confidence, goodwill, right understanding, loyalty, openness, co-operation, are variously put forward as the keys to industrial reconstruction ; but more than any or all of these one thing is needful—courage. The industrial ills of the past have been due more to fear than to selfishness. The old order continued largely because both sides said : “ A change

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to any other order would call for a lowering of our defences: better not risk it." Well, men are more in the mood for risks to-day. I hope that in industry after the War courage will prevail.

LABOUR VIEWS

(a) ORGANISED TRADE UNIONISTS, SYNDICALISTS AND GUILDSMEN

JOHN F. ARMOUR

GEORGE BARKER

F. S. BUTTON

W. N. EWER

CHARLES HOBSON

THOMAS JOHNSON

T. E. NAYLOR

(b) PARLIAMENTARY REPRESENTATIVES

JAMES O'GRADY, M.P.

F. W. JOWETT, M.P.

(c) EDUCATIONALISTS

H. SANDERSON FURNISS

J. MAC TAVISH

(a) ORGANISED TRADE UNIONISTS, SYNDICALISTS AND GUILDSMEN

MR. JOHN F. ARMOUR

(Organising Secretary, The United Operative Masons' Association of Scotland)

(1) (a) I do not anticipate a period of unemployment immediately after the War, other than comparatively slight dislocations during the process of readjusting industry.

Apart from other considerations, the temper of the working class at home, and the probable temper of the returning soldiers will not tolerate a condition of affairs such as has been accepted, in the past, as unavoidable. I am persuaded that the politicians, and the employing class generally, realise this and fear that such conditions as have obtained during periods of unemployment in the past would result in a dangerous state of affairs for Capital and all its institutions.

I am not writing this with the Russian Revolution particularly in mind, although, no doubt, fear of the revolutionary fervour now happily passing through Europe may serve to speed up the preparations and perfection of plans for the demobilisation of munition workers and of the troops after peace is declared.

As far as I can judge of the probabilities, there will

be a period of good trade after the War, but I do not expect a startling reduction of prices; hence the period immediately after the declaration of peace will be one of struggle to maintain wage rates. Much of the increase in wages obtained during the War has been in the form of a war bonus, and Capital will expect to be relieved of its payment. The trade unions will resist all efforts to reduce the incomes of the workers, and I believe will be successful in that resistance.

In the war industries there has been a great accession of strength to the trade unions, and a period of good trade will still further increase the numbers in the ranks of organised labour. The discipline and sense of organisation acquired by four millions of working men in the Army will make the organisation of hitherto unorganised masses less difficult, and there will be this further advantage that the men who have endured the struggle on the battlefields of Europe will be inspired by a higher conception of what is due to them than they have been in the past.

Thus, notwithstanding the Munitions of War Acts and the many other stupidities of the Government, seemingly so meekly borne by working men, and despite the doleful prophecies of many, whose point of view is distorted by their attitude to the War, I am optimistic on the situation after the War as regards Labour.

1 (b) In regard to Capital there will be a speeding up of the tendency towards greater combinations of Capital, and a consequent elimination of the small business. This will occur, not only in the engineering, ship-building, and other industries favourably affected by

the War, and the immense assistance received from the State, but will also occur in those industries adversely affected by the War.

There will be a tremendous rush for markets, and the competition thus engendered will render imperative improved organisation, a greater use of automatic machinery and, generally, a greater intensification of production. In short, we shall be faced by an era of production on the grand scale.

The War has only anticipated many years of development on the concentration of Capital.

1 (c) From my point of view the nation cannot be a single commercial entity, owing to the fundamental economic antagonisms existing within the nation. It is likely, however, that as the case has been in other matters, the State will, in future, imitate its Prussian counterpart and take a more direct interest in the development of commerce than hitherto. There will be greater co-ordination in the commercial world, of all efforts in the direction of development, in so far as they further common interests. In these matters, however, the working class will have no interest as citizens but only as dependents of the capitalists. Capital recognises this position clearly, inasmuch as in all discussions upon the subject the working class is expressly excluded from any consideration in the development of commerce and industry save the rôle of being good-natured and obedient.

(2) (a) The best policy to be pursued by Labour is to set about the work of improving its organisation. Simultaneously, dual organisations must be amalgamated and a well-planned effort created to reach the as yet unorganised workpeople. The direction and

co-ordination of this work could be undertaken by the British Trade Union Congress working through industrial councils, the Scottish Congress and the trades councils.

The craft unions must face the facts and adapt themselves to modern industrial development. There ought not to exist separate organisations for skilled and unskilled, male and female. Where craft distinctions have a basis in the actual facts of industrial life then organisation can take account of this on departmental differentiation. A simple system of easy transfer of membership from one industrial union to another should be arranged, on an actuarial basis. There should be more intensive organisation and the education of the members by the issue of suitable literature, and trade journals fit to compete with capitalist journals in interest should become an important function of the union. In proportion as the work of consolidation and organisation grows there must be a greater and more determined invasion of the field regarded by Capital as peculiarly its own, that of the control of industry. In this direction I surmise that the struggle for union control will be as bitter and as keenly fought as was the struggle for recognition of the union and collective bargaining. Trade unionism has vitality in proportion as it struggles for principles, and its vitality in the future will depend on the idea with which it is animated and for which it is prepared to fight. In the direction of control Capital is likely to make concessions if we are to take seriously the expressions of a newly found regard for Labour, since it has become more generally known that there may be money in humaner methods of exploitation. Trade union control in industry, however, must necessarily involve

the more or less gradual destruction of autocracy in the workshop and in the end the expropriation of the capitalist as such.

Acceptance of the inferior status of wages-labour is impossible. In that direction trade unionism has no future. Amongst the older school of trade unionists, having won recognition, there is a tendency to regard with favour, conciliation, State intervention, compulsory arbitration and a leaning generally towards resigning the right to strike. It is my experience that Labour has never looked with favour on arbitration courts, conciliation boards and such like. In proportion as too much reliance is placed on these means of settling disputes we have had breaches of discipline in the ranks. Labour has always been suspicious of these methods, and the instinct of Labour in this matter is right. I do not advise the refusal under all circumstances of conciliation or even of arbitration, but efforts in this direction must be voluntarily entered upon, and made with the full consent of rank and file, but the right to resort to the strike must be preserved at all hazards.

Finally, as the co-operation and the directive ability that produces and increases wealth is an attribute of Labour and not of Capital, trades unions must regard themselves as a state within the State, the framework of that society which will supplant capitalism and establish an industrial democracy.

2 (b) The best policy for Capital is to recognise that its rôle as the leech and autocrat of industry will, in the long run, become as intolerable as autocracy in the political world. It should therefore pave the way for a peaceful abdication.

It is more likely, however, that Capital will seek to delay the inevitable. Peace in the industrial world being a necessary condition for the development of Capital it will endeavour to proceed by way of concessions to Labour. An educated and well-trained working class will also be necessary to future developments, and in due course our educational system or want of system will be overhauled and, in many directions, improved conditions will be created in so far as they can be shown to assist in increased productivity. But Capital must beware lest the concessions which it needs must make for the purposes of peaceful development are turned against itself.

Labour's demands may grow with every concession.

If Capital is wise it will take less regard of the attitude on industrial matters adopted by Mr. Arthur Henderson and Mr. John Hodge. These men and their kind have no doubt played a worthy part in the Labour movements of the past, but the insurgent movements typified in the Clyde Workers' Committee and the Welsh miners are a truer reflection of the future policy and ideals of Labour. No good can come to Capital by deceiving itself in this matter.

2 (c) The distinguishing characteristic of the modern State is its function as the political expression of Capital. As Labour gradually advances to the conquest of the capitalist State, through its own political party, the policy imposed upon the State will be that of preparing the political superstructure of society to meet the growing industrial power of Labour, and the translation of its demands into political formulæ. In short, its best policy will be to ease the path to industrial democracy. Labour will submit less and

less to the trammels of bureaucratic State regulation and suppression. Politicians who propose to represent Labour would do well to take note.

The scarcely suppressed dislike and suspicion of much of recent so-called social legislation, and the frequent rebellion against present State restrictions and bureaucratic control which we have seen from time to time during the War are signs and portents.

MR. GEORGE BARKER

(South Wales Miners' Federation.)

(1) (a) *Labour*.—Any opinions on the industrial situation after the War must be largely of a speculative character, as the World War is of unparalleled character. Unemployment consequent upon demobilisation will, I think, be of a temporary and local character owing to the depletion of life by casualties and the enormous destruction of material caused by the War. An ultimate dearth of Labour coupled with an enormous demand for reconstruction material will be inevitable. The first six months after the War will be the danger period for Labour. A temporary overcrowding of the labour market will place Labour at a great disadvantage, full advantage of which will, we may be sure, be taken by the employing class. If the War drags on in its so-called "final stage" for a long time and unemployment becomes chronic in consequence, then the resisting power of Labour will be much weakened thereby. The danger to Labour will be greatest from within. The pseudo alliance between Capital and Labour talked about so much on certain platforms bodes no good for Labour.

1. REPLY TO THE FOLLOWING QUESTIONS:
 2. What is the purpose of the study?
 3. What are the objectives of the study?
 4. What are the research questions?
 5. What are the hypotheses?
 6. What are the variables?
 7. What are the methods?
 8. What are the results?
 9. What are the conclusions?
 10. What are the implications?

the V. A. government in the coal area, engineering and engineering industries. The various industries in these industries have been continuously attacked by the V. A. and have had to make reserve funds to make them in the event of any emergency after the V. A. No longer a systematic effort will be made by employees in these industries to investigate the workers in some small joint-stock scheme that will rob them of their right to strike and will rob them of their trade union rights. Probably some form of compulsory industrial education will be attempted. Fortunately the workers in these industries are well organized and may be trusted to look after themselves. (Some developments may be looked for in these trades, for which I believe there is plenty of capital.

16, *The Nation as a Commercial Entity*.—This question is a bit obscure. If it refers to the commercial policy of the nation, I think we should have nothing to do with so-called "protection." So long as land and capital are owned by private individuals any system of tariffs will only bolster up still further rents and profits for which the community as a whole will have to pay.

(2) (a) *Labour*.—The best policy for Labour to pursue after the War is first of all to demand the

restoration of every trade union right surrendered during the War. This accomplished, the Triple Industrial Labour Alliance should be extended so as to include the engineers, and if practicable the agricultural workers could be added. The food shortage will probably exist for some years, and this will provide an unique opportunity for organising the agricultural workers which should not be allowed to slip. The Labour Alliance would then include most of the principal industries, and it would soon make Mr. Neville Chamberlain's 25s. minimum look ridiculous. Fears held in some quarters that this would make the Labour Industrial Alliance too cumbrous for action is I think ill-founded. It is the duty of the organised trades to pay some attention to the unorganised, if Labour is to act as a whole.

The most necessary problem for Labour is to get control of the industries. A beginning should be made with mines and railways. The State should obtain the ownership of these and make arrangements with the Miners' Federation of Great Britain and the National Union of Railway Men for the control and working of the mines and railways. Anything short of this is only a perpetuation of wage slavery and its concomitant evils, industrial strife and unrest.

2 (b) *Capital*.—Capital should improve and perfect its machinery, and the technique and finish of its productions, and provide healthier working conditions for its employees.

2 (c) *The State*.—The workshops and machinery erected and owned by the State should be retained and used after the War. It should build its own ships and make its own armaments. The State should nation-

alise the canals and construct new ones so that commerce could have cheap transit. It should see that every acre of suitable land is put under cultivation to make the nation as self-supporting as possible. And it should give the people a system of real education.

MR. F. S. BUTTON

(Amalgamated Society of Engineers)

The after-the-war situation will be very largely governed by the plans made before that period arrives. During the actual reconstruction period Labour will be in no mood to compromise, or maybe even to negotiate. Labour will have received certain pledges, the non-fulfilment of which will be the cause of a tremendous industrial upheaval. The state of the market—the question as to whether the need for rebuilding Europe is to be immediately met—the extent of demobilisation and the period it covers, will all affect the strength of the position of Labour. How then can one estimate with any confidence? So far as one can see, Labour will be divided into groups.

Any of the following groupings are possible :

(1) Co-operation between the highly organised and skilled trades unions with the employers.

(2) Co-operation between the employers and the unskilled and female labour groups against the craftsmen.

(3) Linking up of skilled with unskilled and female labour against the employers.

(4) Internecine struggle between skilled and unskilled and female labour with the employers looking on.

The first grouping appears the safest on which to dogmatise. The development of industry, especially in the engineering trade on which national re-habilitation will largely rest, is all towards sub-division and simplification. What in normal times was an evolutionary process has, during the war period, become revolutionary. Fundamental and drastic changes have everywhere taken place. The development in industry can therefore be fairly described as towards a highly skilled and limited aristocracy of labour, and a partially skilled and practically unlimited class of machine minders.

The first class will provide the machine, the tool, and the gauge maker. It will provide the organiser, the supervisor, and the setter-up. Their training is costly, and all those trained do not arrive. This class therefore is comparatively small, and on the present basis of development in production would tend to become smaller, but having regard to the fact that the potentialities of the trade are almost boundless no present limit can be placed upon its expansion. The second class requires little training to-day, and the tendency is that even less skill will be required in future. Their work will be largely of an automatic character. The supply of this class of labour can be regarded as offering little or no difficulty. The first class being the essential and indispensable class, will therefore secure the greatest measure of recognition from Capital. Indeed, Capital will, with ever so mild a form of compulsion, admit it into a junior partnership.

Capital after the War will be stronger and more firmly entrenched than ever before. It will be trusti-

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led and consolidated. The temper it exhibits towards Labour will govern its measure of success. If it is prepared to co-operate with Labour it will have a long lease of life in its present form. If it adopts a belligerent attitude, if it refuses to grant to Labour a real measure of control, if it attempts to superimpose a rule of its life in the shape of co-partnership or profit-sharing in the place of an enlightened method of joint workshop management, then there appears to be nothing before us but industrial stagnation.

The best after-the-war policy is the one which begins now. For Labour it can be asserted with authority that the demand will be for a real measure of workshop control. This demand of Labour is of something more than the material. If there is anything of the ethical in the demand then surely the gods are on its side. And this claim can, I think, fairly be made. The workshop life of Labour is of a humdrum, uneventful character. Because there is an almost entire lack of power there is an equal lack of responsibility. The strike and the agitation afford a break in the eternal routine and monotony, it ministers to the love of adventure, and anything is better than accepting as final the present unfair and unequal system of production, to say nothing of its distribution.

Labour has decided to be treated on its merits. A man has got to be treated as a man, and not as a willing tool or a smooth-running cog. Labour wants industry to be based on the willing and whole-hearted service of free men. Pride of craft can then be exploited for the general good. The man so treated will respond. With the power which will come from a share in control will come a more responsible and

statesmanlike spirit. To those keen and able men who in the past have found their only outlet for energy in rebellion a new life will open up. Any scheme which permanently raises the status of Labour and elevates the worker into a state of co-operative independence ; which enables him to assist in working out a system leaving far behind inimitable injustice, is the joint concern of Labour, Capital, and the State : and the first employer to adopt such an enlightened policy will leave far in the rear all his competitors. And any nation which exhibits sufficient wisdom to base its national life on co-operation need have little fear of competition from abroad.

A great and fruitful field lies ready here. Capital needs continuity of Labour. Capital must pay the price. Co-partnership and profit sharing are of no value. Labour knows that the result of the introduction of these schemes in the past has invariably broken down the trade union spirit. And because the results of experience, and the fear that any such schemes are dodges to be used by Capital to increase its profits, a new line must be struck ; a new and real measure of reconstruction decided upon, acceptable to both sides.

Will Labour table such proposals ? I think not ! Will Capital make itself responsible for the new proposal ? I think not either !

Here the State must step in. The State must call the parties together and submit a programme. Labour and Capital in their various groups form a nation within a nation. When they decide to fight each other the interests of the community are not necessarily considered. Sometimes their mutual fightings

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are definitely anti-communal. The representatives of the community have therefore a clear duty: and the scheme when tabled should aim at setting up a chain of responsible authority in each trade from the workshop, the district, the industry, and the nation. Let each industry work out its own machinery from the general framework which shall be at the basis of all. The greater productivity which will ensue will lead to a vast augmentation of national wealth. Let the State table proposals to deal with this matter also. Shall the State scoop off the results which will result from the new harmony? Is the profit of Capital to be limited? Are the trade unions, as such, to share in the increase in wealth? Shall the distribution be social or individual? If individual, is the distributive agency to be the trade union or the employer? If social, is distribution to be secured through the local authority or the State? Shall a new authority be set up in each industry as distinct and apart from the State, and with powers to deal within its own trade with all excess profits? Or, shall such excess profits be paid into the Treasury and earmarked for the development of the trade itself? These and a thousand other questions arise.

But the broad generalisation remains—that any system of industry which gives Labour a real chance must result in a keener and fitter nation of producers. By greater productivity Labour will earn its right to greater leisure. It must be granted security of tenure. Industry must be democratised. And these questions should be dealt with now. The State has a great opportunity. The parties are ready, and each has failed to make the first move. And if the State

proposes to move, let it move quickly, and move now.

MR. W. N. EWER

1 (*a, b, c*) In official and semi-official circles it has apparently been decided that the years following the War will be on the whole years of "good trade": that the need for the replacement and restoration of capital—for actual physical "reconstruction"—will cause a boom which will go far to tide us over the period of demobilisation, and of reversion from war to peace organisation.

Personally I find it hard to share this cheery and convenient optimism. And I anticipate rather that with the end of the period of currency-inflation, and of artificial creations of credit, will come a financial collapse accompanied by a period of stagnant trade.

If I am right the position of Labour will be far worse than if the Whitehall optimists prove to be true prophets. For periods of bad trade not only bear hardly on the individual worker, but are apt to be disastrous to Labour organisations.

In any event the outlook will be grave enough. Labour will awaken from its dreams of crushing Prussia to find that its position has altered seriously for the worse during the years of patriotic somnolence.

It will not only find the employers better organised and financially stronger than before the War; but it will find them equipped with new ideas and new devices for controlling Labour.

The post-war period is, it is abundantly clear, to be a period of "reconstruction" of the national reorganisation of industry. In the name of patriotism,

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of national security, and of self-interest, Labour will be invited to play its part in schemes for increasing the productivity and efficiency of British industry, so that Great Britain may hold its own against the fierce competition of quondam enemies or quondam allies.

To this end two things will be asked of it: the making of definite sacrifices—such as the abandoning of regulations which tend to limit output; and the conversion of its own organisation into a branch of a general national system of industrial organisation.

And in return it will be offered a number of benefits or apparent benefits—minimum wage acts, provision against unemployment, and the like.

In a word, a vigorous and cleverly-conceived attempt will be made to persuade Labour to accept and to take its place in a nationally organised system of industry upon a capitalist basis—to co-operate with the State and with the capitalists in making the industrial system more effective, more productive and more profitable—for the capitalist.

(2) (a) In face of this policy on the part of the employers, the first difficulty of Labour will be that perennial one of making up its mind. It will have to decide whether it is content to accept the status and the functions marked out for it by its masters, or whether it is determined to reject them and to work for its own enfranchisement and for the establishment of industrial freedom and industrial democracy.

If it takes the first decision, its best policy will be to do as it is told.

If the second, it must first clear its mind of cant, and try to see the position as it is, not as it will be represented by the masters.

It must realise clearly that, for all the talk of national unity and of community of interest, the capitalist is the enemy, and must be the enemy until the struggle is ended by decisive victory; that no patched up peace is possible. And the conception of the class-war must dominate and condition all its policy and all its action.

It must therefore refuse categorically every invitation and every inducement to enter into partnership in a capitalist system of industry. It must decline to make a single concession that will in any way weaken its fighting strength; and in particular it must avoid any step which will in any way compromise the independence of its organisation, or will in any way make that organisation a part of the capitalist machine.

Probably the most tempting and most dangerous offer which will be made will be proposals which will come in the guise of schemes for giving to Labour some part in the control of industry. Here the central principle which should determine its attitude must be the refusal of any offer of joint control or the acceptance of any joint responsibility. Any measure of control which Labour assumes must be taken absolutely into its own hands, and must be regarded as a mere instalment, as a step towards the entire control of industry and of capital. And under no circumstances must it enter into any partnership with capital. *Timeo Danaos et dona ferentes.*

(2) (b) *Nefas est hostem docere.*

(2) (c) *Nefas est hostem docere.* The State is the capitalists' and the powers thereof.

LEARNER'S NAME

~~SECRET~~ - ~~TOP SECRET~~ - ~~INTERNATIONAL~~
~~Atomic Energy Commission - Special~~

[illegible]

men are shareholders. And this not as a result of the firm's need of capital, but because the firm wished to encourage their workpeople to take a real interest in the success of the business, and secure thereby genuine and hearty co-operation.

But as the above is not likely to be generally adopted until we are blessed with a higher civilisation, we must content ourselves to deal with human nature as it is, and with man in his more selfish mood.

Let us, therefore, imagine the War is over, and the vast machinery organised to prosecute the War is no longer required, and the command is given to millions of men to return to civil life and again shoulder the duties and responsibilities associated therewith.

In such case it seems natural for each man, in taking up his former duties, to resume all his former habits and methods which had become his as the result of years of observation and experience, which may be described thus: "Whatever I may choose to be as a citizen, or in other spheres of life, in business I will live for myself only."

Imagine, therefore, a regular stampede of 4,000,000 men now serving with the King's forces, who inside two and a half years were engaged in industrial pursuits, making their way home again with no other thought or wish than to occupy the position they voluntarily gave up to do the higher duty. Every man of them will only feel that his conduct and service is worthy of recognition; but, at the very least, an equal place is due to him as is occupied by those whose fortune it has been to remain at home.

The undertaking given by the Government to organised Labour at the beginning of the War was that,

on condition they would relinquish certain rules and conditions of employment for the period of the War, all should be restored when the War was over—the correct interpretation of this being that the workman shall be as secure, from the point of view of wages and employment, after the War as he was before the War, and the instrument of his Union as effective. With a view to an increased output, employers have been given power to employ whoever they liked, and execute work in any manner they choose, with the result that 766,000 females have taken the places of men in munition works, and untold thousands of men with no previous experience have been drafted in the works, besides a large volume of junior labour. The above has made necessary the sectionalising of work, the obliterating of all lines of demarcation betwixt grades of men and grades of work, and the introduction of new methods by way of simplifying production. Every conceivable plan and appliance has been introduced without let or hindrance on the part of the men's Unions, although the obtaining of the working conditions aforementioned has cost the men many millions of pounds and untold privation and suffering. But they have stood loyally to their agreement, and none will regret the sacrifice, provided justice is done to the men and the cause from whom the nation demanded the concession.

The problem, therefore, briefly put, is as follows :

- (1) What shall be meant by a return to pre-war wages?
- (2) Shall the millions of men returning to civil life return, also, to the situations they left?
- (3) How will you deal with the females occupying the men's places in the works?

(4) In what way would you deal with unskilled men brought into the works ?

(5) How would you deal with juniors employed on munitions, provided they remain in the works ?

(6) How would you deal with the unemployed after the War ?

It will be readily seen from the above that the problem is many-sided. It bristles with difficulties and touches many interests. It is, therefore, difficult in a single statement to put the case intelligibly. Let me, therefore, put the matter as I view it, in as brief a form as possible, at the same time striving earnestly to make myself understood.

Pre-War Rates of Wages

(1) Wages shall equal in value those paid in the summer of 1914.

(2) Every man is justly entitled to the situation he gave up when volunteering for service.

(3) Speaking generally, the women must vacate the places previously held by the men, and the matter of their remaining at certain employment in connection with the work must be one to be determined or arranged between the men's union and the employers.

(4) There is no greater danger to an industry than for untrained men to be allowed to meddle with skilled work, unless undergoing a course of training under well-defined conditions.

If these men, therefore, are allowed to remain, it must be to do such work as they did before the War, otherwise you introduce an element of competition in wages and rivalry among workmen, which no self-respecting skilled artisan would tolerate.

The only wise way to deal with juniors is to teach them in a trade school. Every boy should be properly indentured, so as to make some individual responsible for his training, both in school and workshop, when attendance at school during the apprenticeship period should be made compulsory.

Unemployment after the War is, perhaps, the most difficult problem of all. The clients are so varied, and their condition so uncertain. We must leave, therefore, the sick and wounded to the agencies already appointed for the work, and deal with those sound in body and mind. The men from the rural districts will generally find employment on the land. But, to make this doubly sure, land should be acquired by the State, and dealt with by municipal corporations and similar bodies in their particular vicinities. It should be devoted mainly to growing garden stuffs, and should gradually develop according to the needs of the neighbourhood and the possibilities of the land. This would absorb considerable unemployment. It should ever be kept in mind that few things pay better than land scientifically treated. Hence the need for special treatment, under the guidance of men of the school.

Dealing with unemployment in towns, and specially in centres devoted to the production of munitions, a considerable amount of sieving will be needed. For example, many thousands of men and women will gravitate to their former employment, which was left to obtain higher wages. Then large numbers of men who, when the War began, had private businesses will never think of working under normal conditions. These will resume their own calling. Large numbers of persons in no way dependent on their own efforts—wives,

daughters, sisters, who for patriotic or other reasons have gone into the works—will gladly resume their domestic duties and thus relieve the situation. With the latter class of unemployed, the War Pensions Committee can well deal, and they should take care that none receive grants in aid beyond that provided for in the Government scheme to which all will have paid their weekly contribution, unless they are really dependent upon weekly wages, and all such should be required to make a declaration as to their condition of need, and agree to resume work and continue to be employed when suitable situations are found.

The Government at this juncture should step in and save the situation by passing a general Eight Hours Bill, at the same time prohibiting systematic overtime. If they do this, it would mean jobs for hundreds of thousands of men and women who otherwise would be unemployed. I have heard officials of trade unions in high places say that some of the methods of production introduced during the War have come to stay, and that certain dilution of labour may have to be tolerated. Again I say this is a matter for the trade unions and the employers. At the same time, holding, as I do, a somewhat responsible position as a trade union official, I do not hesitate to affirm that it would be fatal to the best interests of all concerned, and not less so to the trade of the country, if any looseness is allowed to creep in. Therefore we make the following suggestions :

There must be a certain standard of efficiency if you are to demand a uniform minimum wage, and no satisfactory standard can be reached without a certain theoretical and practical training. If, therefore, the

methods in question continue, and the operators too, then the teaching and training referred to is indispensable.

The task might be very much simplified, and be much less costly, if the school and the workshops co-operate. For example, in some of our large works, where thousands of hands are employed, it might be arranged for training to be given inside the works, or in close proximity to them, where tools and machinery and the best skilled workmen are ready at hand. The chief things to be avoided are, night work after a usual day's work is done, and removal from the atmosphere of the workshop perhaps to a remote part of a large city, where the school element dominates. *The best man from both is essential to success.*

It is as much to the interest of Capital as to that of Labour that the suggested standard of skill should be reached by all engaged on highly skilled work, and the best results would be gained if the said training be controlled by a committee of employers and of workmen's representatives.

I have heard it argued that hostility to Germany in the form of a boycott of her manufactures and a closer industrial alliance with our Colonies, giving the latter preferential treatment, would ensure to Great Britain industrial supremacy. To my way of thinking, such a policy would in the end be found to be morally wrong, hence would never be financially right. I would certainly prefer a "live and let live" policy. A nation is its own enemy that puts a prohibitive tax on imported goods, as by such means home-produced goods are the dearer, and foreign-made goods also, which means that the consumer is the victim in every case. Retaliation is

no remedy. Like every other form of physical warfare, it engenders bad blood and intensifies unfriendliness. It is much better business to seek to establish proper business relations, giving each nation opportunities for full development. If it be found that certain countries possess natural advantages, or even acquired—say, a higher standard of education or a more stalwart manhood—then concede them the right and opportunity to prosper, for be assured that in the end no number of artificial barriers will suffice to hold them back.

The chief difficulty with regard to Germany is that it will not pursue a straight line of conduct. Here an example might be helpful. Solingen (Germany) is among the oldest centres for cutlery-making. For two centuries preceding 1750, some of the best cutlery was produced in this town and district. But from the latter date, down to 1850, the trade so degenerated that nothing but the vilest rubbish was produced there. The cutlery last named, although vile and worthless, was well finished, and took the eye at first sight, but a customer was only to be caught once. Therefore, ruin to the German cutlery industry was inevitable, unless the buyer could be impressed that beyond the bare fine appearance there was "real grit." There followed a universal practice of putting marks on goods indicating that they were made of steel of the best quality, were made also by the best methods (that is, by handicraft), and, further, that they were made in Sheffield (England) and by the best Sheffield manufacturers. As proof of all this, the cutlery bore the name and corporate mark of the firm, with the word SHEFFIELD all in English characters.

These practices continued for many years, with the

result that the reputation of Germany suffered to such an extent as to make her name a byword in all industrial centres and in all markets. In 1887 the Government passed a measure dealing with the false marking of merchandise, the effect of which has been practically to stop the practices complained of, with a further result of bettering the class of manufactures made in Germany.

The object in view in giving the above instance is to suggest that, if a similar course were adopted with regard to other practices of which Germany is known to be guilty, perhaps similar results might follow. For example, some time ago there was an exhibition of cutlery made in Germany, at the Cutlers' Hall, Sheffield, the object being to show the quality of German production and the prices at which they were sold wholesale. From the point of view of utility and true beauty, they were in every sense a failure, but from the point of view of design, execution, and finish the goods were superb. The best experts in the cutlery trade costed the samples, and were agreed that the prices at which they were offered were not only less than cost, but in some cases less than the cost of the material from which the goods were made. Of course, we all know how this is done. But to quote the words of Sir William Ramsay, K.C.B., F.R.S., who says, "Under the German State there was a Trade Council, the object of which was to secure and keep trade for Germany. This Council had practical control of duties, bounties, and freights; its members were representative of the different commercial interests of the Empire; and they acted, as a rule, without control from the Reichstag."

My point, therefore, is, if, as has been the case under

the British Merchandise Marks Act, 1887, the authorities in Germany have joined hands with the Board of Trade in prosecuting and punishing German manufacturers for striking false descriptions on their goods, and have been ready at any time to do so, might it not be possible, if a conciliatory spirit were manifested in the latter case, that an arrangement might be come to, to put a stop to these unjust, dishonest practices? Which would certainly be a nearer cut to the object sought to be attained by other means.

The reason I advocate the above procedure is because I know what organised labour in Germany is. At the termination of the War, we shall be called upon to meet the men face to face, and among the many vexed questions to be debated will be the industrial relations of the two countries, and I am confident that the 111 Social Democrats in the Reichstag, also the 600,000 members of the Union of Metalworkers, and the great body of socialists, all of which are associated in a common federation with organised labour in Great Britain, would elect to make sacrifice to support a constructive policy of the kind indicated, rather than one of continued hostilities.

Great possibilities present themselves if a policy of this kind is pursued, in view of the fact that the present Minister of Labour is personally intimate with and in the joint trade union organisation of Great Britain and Germany, and is officially associated with the men of influence in the working-class movement. And I am sanguine, provided the case is well put, and conferences are held, giving ample opportunity for the objects and intent of Great Britain to be well understood, that a friendly alliance of the character indicated can be brought about.

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Immediately the War is over, the trade unions will begin to arrange to redress many grievances, inflicted and patiently borne, consequent on the arrangement come to with the Government, and as soon as possible will formulate their demands. In this case it will be well if both the trade unions and the employers keep well before them the fact that both organised Labour and organised Capital are practically impregnable, and that true wisdom is evidenced in dealing with points in dispute if economy is studied and good business methods are adopted. Speaking generally, the trade union leader is against compulsory arbitration only because of the work of such boards in the past. In most cases the workman makes a good guess as to the award, believing that such is arrived at more in consideration of the parties concerned as employer and workman than as a result of an impartial judgment on the merits of the case. Capital and Labour must be prepared to come together with greater mutuality than ever before, recognising that, under existing conditions, each is necessary to the other. The former realising at the same time that the worker has a right to a higher standard of life, and that his intelligence forbids that he should be content with an income below efficiency. "Put yourself in his place" is the axiom that would work wonders with all of us if consistently followed.

Employers should encourage men's organisations, as by doing so they help to develop a species of union which tends more than any other thing to harmony and goodwill among workmen ; that is, organisation by industries rather than by small sections. This class of union engenders a oneness of feeling and interest, which

makes impossible the diversions and dissensions so common where sectional unions exist.

If we are successfully to compete with other progressive nations, we must pay greater attention to our own internal arrangements and management. For instance, we should get better work and a much larger output were we to provide better workshops and improve the surroundings of the workman inside the factory. The workplaces of Great Britain, especially in the metal industry, are not to be compared with those in Germany from the point of view of cleanliness, light, and general convenience and comfort. It is well known that a man can do more work and of a higher quality in a clean, well-arranged shop.

Another matter requiring special attention is the need for an arrangement by which we can be brought in closer contact with our customers and other consumers in other countries. It would certainly help us to a better knowledge of the real requirements of both were bureaux established in each country, through which all necessary information might pass. This would keep us informed as to the requirements of the markets and the consumers and traders as well, and at the same time as to the doings of our competitors.

MR. THOMAS JOHNSON

(Chairman, Irish Trade Union Congress)

It is impossible to say what the industrial situation after the War will be in Ireland until we know who will be victorious. If Britain (and her Allies) wins, she may harden her heart against Ireland, in which case Ireland's economic interests will count little in

determining the policy to be pursued by either Labour, Capital, or the State. On the other hand, if Germany (and her Allies) wins, the settlement may be such as to give Ireland some control of her economic policy. (What is food for England may be poison for Ireland. At this moment she is in such a position that British statesmen would sacrifice half the Empire to place England in—i.e., she produces more food than she consumes—and yet food prices are at famine rates, far above the reach of the working class in our towns and cities.)

Whoever controls Ireland's government after the War ought to aim at stimulating agriculture by every possible means—State farms, co-operative colonies, compulsory tillage, punitive taxation of grass lands etc.—and assist the development of those industries which are closely related to agriculture. But her produce must be devoted to feeding her own people first before she sends any to Britain. The English market must not be allowed to lure her foodstuffs for the private gain of her peasant proprietors until her own urban population are assured of enough to eat. Irish Labour will be "protectionist" on these lines. Possibly, also, the coming of the petrol-driven airship may revolutionise Ireland's position. We can grow potatoes for alcohol *ad lib.* Our Western harbours will be very convenient landing-places for a trans-atlantic air fleet. The water-power of the Shannon may be utilised for generating electric energy.

An unfettered Irish Government may be able to do much to rejuvenate this country, and so I pray that "the nation (the Irish nation) may be a single economic entity."

MR. T. E. NAYLOR

(General Secretary, London Society of Compositors)

The patriotic part played by the trade unions during the War entitles them to a hearing in any discussion on Labour problems that will arise after the War. At the moment, comparative calm reigns in the industrial world. It must not be supposed, however that Labour has placed aside all its old aspirations and beliefs. Nor must it be assumed that Labour has been dragooned into a condition of servility by certain Acts of Parliament. The very opposite is the case. At the moment, the mind of Labour is fixed on carrying out its duty to the men at the front.

Organised Labour, confident of its strength and of its capacity to meet all possible contingencies after the War, and realising how much depends upon the victory of the Allies, is content to wait until that issue is decided before exercising its powers in any given direction beyond what is necessary to meet the exigencies of the hour.

This preliminary statement is necessary because so many have formed the conclusion that the present industrial calm is the outcome of a new spirit permeating both Labour and Capital. That is true only so far as it can be interpreted to mean that common danger makes friends of us all. The actual relationship between Labour and Capital when the War is over will be found to be unchanged.

The industrial situation after the War, from the economic point of view, depends largely upon the terms of settlement when peace is declared. There

would be an enormous difference between the conditions set up by an inconclusive peace and those following a complete victory. There is considerable conflict of opinion on the economic consequences of the War, even when complete victory is assumed ; agreement becomes even more difficult when we take into account—as we should—the possibility of a patched-up peace, with its aftermath of standing armies and military service all over the world. Therefore the industrial situation after the War, depending as it will upon as yet undetermined issues, is not a subject upon which it is safe to prophesy.

This much, however, we may assume—that in the period of adjustment immediately following the War there will be great unrest in the ranks of Labour. The questions of wages, prices, unemployment, trade-union rules, and female labour will all be calling for settlement, and if they are not answered in a way that will give satisfaction to organised Labour, trouble is bound to ensue. I hope this will not be regarded as a threat : I am not writing as a trade-union official but as a contributor to a symposium. Nothing will be lost by plain speaking. Again I say, Labour must be satisfied in all reasonable demands, or there will be mutiny abroad.

Capital is in a much more favourable position, however the War may end. But the most promising developments will be jeopardised if Capital is not at peace with Labour. Hence Capital should spare no effort to come to terms. The markets of the world will be the centres of commercial conflict between nation and nation, and woe betide that country whose place in the race is thrust back by industrial troubles at

home. In the latter contingency, Capital will lose heavily, and the more it loses the more bitter it will become and the more acute will be the differences with Labour.

Now, if it were possible to convert the nation into a single commercial entity, the danger referred to would be averted. Obviously this desirable consummation can only be achieved by composing the differences between Labour and Capital. Unless this be done, the nation cannot be made a single commercial entity. A permanent settlement of those differences cannot be expected in this generation, but their temporary adjustment over an admittedly difficult period of economic recovery and development is comparatively easy, and ought to be attempted.

In no other country is Labour so well organised as in the United Kingdom, and for that reason the possibilities of an arrangement are greater. At the same time, for want of an agreement, the superior organisation of Labour forces in this country may spell greater disaster abroad ; and it may easily happen that, while Capital and Labour are higgling over terms of employment, other nations will be working the ground and taking the orders. And one of those other nations will be Germany.

Industrial peace after the War will be worth a great deal to Capital. What is Capital prepared to offer for this essential foundation of its own prosperity ? Upon the answer to that question depends the ultimate success of British enterprise abroad.

Now as to policy. It is not my intention to criticise the past attitude of employers generally towards trade unionism. The War has been responsible for many

changes of view-point, not the least significant of which is the State's re-valuation of Labour's share in building up the resources of the nation. Labour, therefore, will expect a similar re-valuation at the hands of the employers. The time has come for a full and frank recognition of trade unionism and of the principles for which it stands. Too much energy has been expended in the past in disputes over this one question. Nothing will be lost and much will be gained by this single concession, if such it can be called, on the part of Capital. That point settled, the way will be clear for the discussion of other matters. For instance, there is the question of agreements, Capital's chief safeguard against industrial disturbance. Provided Capital is prepared to offer terms that will prove acceptable to Labour, there should be no difficulty in fixing up agreements for a period, say, of three years, what time our position abroad would be in process of being established. All that is wanted is a fair offer in the matters of wages, hours, and general conditions of employment. The exact terms can be arranged at conferences between the representatives of Labour and Capital.

It would be a profound mistake for Capital to ignore the trade unions, to attempt to crush them, or even to try to outwit them, for be it remembered that trade unionism is one of the few institutions in this country that will emerge from the War stronger and more powerful than they were before. Capital must be prepared to negotiate.

It is here that the State will step in to assist in a settlement, for some of the demands that Labour will put forward will entail legislation. The operations are

by no means confined to the industrial field. The aid of Parliament will have to be invoked to enforce the minimum wage and the maximum working hours in those sections of industry where organisation is weak. The State must assist in providing guarantees to Labour, in the shape of Acts of Parliament, for a larger share of health, wealth, and happiness in the good times that are coming when the War is over.

(b) PARLIAMENTARY REPRESENTATIVES

MR. JAMES O'GRADY, M.P.

I have not time at this moment to answer the questions. I can only say that I should rejoice at the success of any movement resulting in the old antagonism and bitterness between Capital and Labour being *buried* and *never to be resurrected*.

MR. F. W. JOWETT, M.P.

I am sorry that I cannot give a brief reply to the two questions, and I am not in a position to prepare full replies. I might however add, in order to avoid misunderstanding, that I do not share the optimism implied in Mr. O'Grady's reply. I do not foresee any movement that is likely to remove the antagonism between Capital and Labour. On the contrary, I believe the pre-war conflict will be renewed, and perhaps with greater intensity.

(c) EDUCATIONALISTS**MR. H. SANDERSON FURNISS****(Principal of Ruskin College, Oxford)**

(1) (a) The answer to the question, "What will be the industrial situation after the War?" would seem to depend to a large extent on the attitude of the men now in the Army who will be going back into industry. How far will they have been permanently influenced by the military machine? Will they come back prepared to be drilled into any kind of work to which their employers choose to put them, and on any terms that may be imposed from above; or have they been thinking and talking in the trenches, and will they return with an unwillingness to accept the conditions that prevailed before the War, and a determination that they will be treated as men, and not merely as wage-earners?

1 (b) One of the most prevalent ideas just now as to industry after the War appears to be that a large increase in production will be essential. No doubt increased production was necessary before the War—for the national income was insufficient for our needs—and it will be more necessary after the War, but not so much more necessary as is sometimes supposed. Organised Labour should make it clear that it will not consent to increased production unconditionally and at all costs. It is, however, of the utmost importance that restriction of output, both by employers and employed, should be abandoned, and it cannot be beyond the wit of man to devise some method of

securing the maximum of efficiency in production without the risk of undue strain upon the workers, and with adequate guarantees against rate-cutting by the employers. Full and frank discussion between employers and employed must be insisted upon, and the workers must formulate a definite policy, and be able to show that it is practicable. The workers must obtain more and more control in industry, and must insist on having the opportunities for education and the training of capacity which are necessary if this object is to be attained in the near future.

The position of Capital—or, rather, of the owners of capital—and the employing classes after the War will be extremely strong, and public opinion will probably be inclined to support them in their desire to get as large a share as possible of the work that will be necessary for repairing the damage done by the War, and in their efforts to capture new markets, and will be inclined to resent the interruption of industry and the friction caused by disputes. It will, therefore, be particularly necessary that Labour should be able to make its voice heard, and, also, that it should be able to show that it has reason on its side.

1 (c) The sooner people give up thinking of individual States as commercial entities, and realise the world-wide nature of commerce, the better. If, the moment this War is over, we are going to organise ourselves on a military basis with a view to the next war, there is no doubt something to be said for the British Empire and the Central Powers each attempting to make themselves self-sufficing economic units. But, then, we should have to abandon all hope for the future peace of the world.

(2) (c) Since the outbreak of War, the sphere of the State in the control and direction of industry has been greatly widened, and the Government has attempted to regulate the lives of the people to an extent almost undreamed of three years ago. While the State has, no doubt, done much of its new work well, its action in many directions, though accepted as necessary under the circumstances, has been not a little resented. It seems probable that, after the War, a marked reaction may set in against State interference, but it would be unfortunate if this reaction were carried too far. The distinction between State ownership and State control should not be lost sight of. The War may have shown that State control under the State as we have it to-day may have its disadvantages; but it has not shown it to be undesirable, for instance, that the rent of land should go into the public purse instead of into the pockets of the landlords. National ownership does not necessarily mean direct national control. Although, as a general rule, it may be best for industry to be actually carried on by groups of producers, the State owning the means of production, there is, under present conditions, much work of national importance which is not likely to be undertaken by private enterprise, and which only the State can successfully carry out—such as, *e.g.*, housing and afforestation. The State might also do something to help towards the better regulation of production and distribution through taxation, by taking a greater proportion of the incomes of the well-to-do (now largely spent on things which are not essential to well-being), and spending it on objects such as those just mentioned.

In connection with the distribution of wealth, it is surprising that the Labour movement has never taken in hand the question of inheritance, for, if this question were seriously attacked, one of the principal causes of the inequality in the distribution of wealth might be removed.

The State should be able after the War to do much in the way of bringing Capital and Labour together, and providing opportunities for full discussions of industrial problems between employers and employed ; while it could give the force of law to agreements arrived at, should this be desired. In my opinion, Labour, Capital, and the community as a whole should widen their outlook generally as to the industrial situation, and try to realise more clearly that the production of wealth is only a means to an end, not an end in itself.

MR. J. MACTAVISH

(Secretary of Workers' Educational Association)

*Nothing more clearly indicates the phlegm of the British character than the *sang-froid* with which we discuss problems of social reconstruction, while engaged in a struggle that still threatens the whole fabric of Western civilisation. That "the end of the War" will find us a poorer nation is only a small part of the problem. Under the stress of war conditions our representative system of Government has almost ceased to exist. The House of Commons, the "Mother of Parliaments," has little more control over the

* The opinions herein expressed are unofficial.

life of the nation than the Reichstag of Germany, and a great deal less than the Duma of Russia. Voluntaryism has given place to compulsion, not only in the Army, but also in industry. Rights of free speech and meeting have been invaded. The Free Press is controlled by the Censor. Men and women can be sentenced without public trial. Industrial or political action by minorities is regarded as akin to treason.

These sacrifices of civil rights and freedom have been voluntary, they have been quietly acquiesced in by the great majority who regard them as necessary to win the War. It is assumed that immediately peace is declared we will restore our old institutions, and go back to our old ways—an unimaginative view which will satisfy no thoughtful man or woman. The restoration of these pre-war civil rights of freedom constitutes a serious political problem, for it will let loose pent up passions which are, for the present, dammed back partly by repressive legislation, but more especially by a desire to do nothing to increase the difficulties of our soldiers.

But, at the same time, as the floods of public opinion are again let loose, there will arise industrial problems of even greater magnitude. Our Allies will no longer provide a market for munitions. Our Navy and Army's demand for them will slacken. Men and women engaged in munition industries will be discharged. Munition factories will require to be reorganised on a peace basis, and find new markets or regain old ones before becoming effective in absorbing surplus labour. Problems of demobilisation will be intensified by the natural reaction from the long strain imposed on our soldiers and sailors, who will insist

on their right to obtain their discharge. Capital will be scarce. Prices will remain high. The discharged industrial army, men and women, will have to compete with our discharged soldiers and sailors for such work as is available. As some time must elapse after the declaration of peace before our industrial machinery can be re-established on a peace basis, such problems as I have but very briefly and inadequately sketched must necessarily arise during the transition period.

The intensity of public feeling aroused in their settlement will depend on the method of treatment. If their settlement is left to organised Capital and Labour, it is conceivable that we shall breed a condition of public temper that will produce national disaster. Capital, in the mass, has not become chastened by the War. It is still soulless and selfish. It has become more efficient, more highly organised, and more conscious of its strength. Organised Labour has become weaker, for it has sacrificed many of its old safeguards which can only be partially restored, while the condition of the labour market promises to be such as seriously to lessen its bargaining power. On the other hand, if the Government attempts a settlement that is not generous and favourable to Labour, the possibility of a public upheaval is equally great.

No one who moves about the country and listens to the conversation of our men in khaki can fail to be struck with the frequency with which they assert that the soldier intends to have a big say on public questions in future. Recently, when I asked one of these young men what he thought the soldiers would say and do, he replied: "I don't know, but if they don't get fair

11. INDUSTRIAL RECONSTRUCTION

“We must not allow them to be afraid.” This attitude is much more common than is disclosed by the facts of life, must be taken into consideration. It is reasonable to assume that at first our soldiers will be much relieved by their escape from the horrors of trench warfare to want to turn their attention to domestic problems, but gradually they will develop a new sense of ownership of the country and will begin to feel, and this feeling will be fostered by many agencies. If conditions are such as will cause a feeling of ill-treatment we may however in a more unfortunate way what a great change of feeling would we effect when we train millions of our men to bear arms as comrades, and treat them “as men are treated.”

No such social ills as, however, need be feared, if the Government is prepared to act courageously. The army of the disarmed soldier or sailor should suffer any deprivation of purchasing power until he has found work. The soldier must should receive, not only their full army pay but the full equivalent of the cost of their food and clothes while serving. The destruction of property, the depletion of national stock, etc., will create a need for goods. A similar need, however, has existed during all periods of industrial depression. It may be that these needs will create a spontaneous demand for labour, but it is conceivable that a sudden European transition from a war to a peace basis may cause a collapse of credit. If such a crisis should arise, the Government must be prepared to step in and make the need for goods an effective demand for labour, by methods similar in principle to those adopted in the early days of the War.

A generous measure of housing and land reform would do much to create in the minds of both the rural and town bred soldiers a feeling that their sacrifice had not been in vain. National control of our railways, shipping, coal mines, and the liquor trade ought to be succeeded by the national ownership of these industries. Public ownership of these industries will provide an opportunity of working out experimentally what is undoubtedly the most difficult of our industrial problems, the problem of control.

The growing demand for a larger measure of working class control within the workshop is the natural and instinctive desire shared by all human beings to a larger measure of freedom in the management and control of our own lives. With few exceptions the recognised leaders of the Labour movement have continually interpreted Labour's demands in terms of physical needs. As a result, many conceive of the Labour unrest as being no more than a multiplication of *Oliver Twists*. But, vitally important as "more pudding" is to masses of working people, all aspects of the organised Labour world represent an intelligent effort to attain that which is much bigger and finer. They are organised efforts so to arrange social and industrial conditions as will give to the human spirit a larger measure of freedom.

It was while under the emotional influence of this instinctive love of freedom that millions of our finest manhood joined the army of their own free will. If, therefore, the cause for which so many of our soldiers have suffered and died is not to be lost, we must not rest content with restoring the pre-war measure of freedom. We must widen and deepen its scope, by

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lifting democracy to a higher plane than it has ever occupied before. No mere amelioration of social and industrial conditions can effect this. Capitalism can easily reorganise itself on lines which, by making generous provision for the workers' physical needs, will induce them to hand over the entire management of their lives, during working hours, to others.

Working class freedom can only be permanently won in our schools, for true freedom can only come through the possession and use of one's full powers and a knowledge of the truth. From the point of view of organised Labour, a complete reorganisation of our educational system is not only necessary, it is its most fundamental need. Workshop control, psychologically important as it undoubtedly is, can be little more than a dream until the working class is equipped by education to exercise it. Yet until we have attained such control, we cannot claim to be a true democracy, for no community is truly democratic if its institutions are not truly representative of what its people feel, think, and will. For these reasons organised Labour must, in future, give a hundredfold more thought to its educational needs than it has in the past.

In the interest of physical education, our school medical service must be perfected, our system of school meals extended and improved, our playgrounds and playing fields increased. Exemptions within the universal full-time period must be prohibited. The leaving age must be raised to fifteen as soon as possible. Classes must be reduced to 40, as a first step towards reducing them to 30. A system of compulsory half-time education to the age of eighteen must be estab-

lished. Secondary education must be free. Scholarships for the university must be numerous enough, and each scholarship must be of sufficient amount to permit every boy or girl who has the necessary ability and desire to do so to proceed to the university. Corporate life in our schools must be developed, and all our schools and universities must be adequately staffed with good teachers. Local Education authorities must be relieved from the heavy financial burden imposed on them by the receipt of much more generous grants from the Exchequer.

Important as these reforms are, they constitute no more than reform of machinery. The spirit and outlook of our schools are what will ultimately matter. Technical and professional efficiency are aids to material well-being. But a true democracy cannot live by bread alone. For this reason our schools must be primarily concerned with equipping the workers to evolve their own culture, and express their emotional, intellectual and volitional life in the science, art, literature and religion of our country.



ECONOMIC VIEWS

(a) POLITICAL. FREE TRADE

HAROLD COX, M.A.

(b) INDUSTRIAL

(1) *Group. National Guildsmen*

G. D. H. COLE

W. MELLOR

MAURICE B. RECKITT

(2) *Individual*

REV. A. J. CARLYLE, M.A., D.Litt.

HILAIRE BELLOC

C. H. GRINLING

PROFESSOR E. LIPSON

PROFESSOR T. A. SMIDDY

(c) SOCIAL

DR. M. D. EDER

J. ST. GEORGE HEATH

G. BERNARD SHAW

(d) FINANCIAL

EMIL DAVIES

RAYMOND RADCLYFFE

JOHN ZORN

(e) STATISTICAL

PROFESSOR A. L. BOWLEY, Sc.D., F.S.S., F.E.S.

F. W. HIRST

(f) AGRICULTURAL

STANLEY M. BLIGH

(g) GEOGRAPHICAL

PROFESSOR H. J. FLEURE

(a) POLITICAL

MR. HAROLD COX, M.A.
(Editor, *Edinburgh Review*)

The following is taken from an address to the Institution of Civil Engineers, which was courteously sent by Mr. Harold Cox for the purpose :

When peace is declared it is certain that various things will happen. Some three millions of soldiers will return from the War seeking work ; hundreds of thousands of munition workers will be discharged ; an enormous number of separation allowances will be discontinued. These changes must have a tremendous effect upon our whole social life ; so serious an effect that many people who have thought deeply about the problem even fear the possibility of industrial revolution after the War. At present we have made no provision for these difficulties that are certain to come.

There are two aspects of the problem. There is the domestic and the external. According to their political predilections, we find various people laying stress on one or on the other, but I venture to think that we have to keep both clearly in view. As regards external problems, this is certain, that without our external trade we could only maintain in this little island a very small population in very great discomfort. If English-

men had been content to live by taking in one another's washing, there would never have been a British Empire. The extension of our external trade is one of the principal objects we have to keep in view, it is important not only from the economic point of view, but also from the political point of view. Personally, I think the greatest danger we have experienced from German trade is due to the manner in which Germans have used their trade connections to build up political agencies in remote parts of the British Empire and in neutral countries. At this very moment it is known that German trade agencies are acting as spies for the German Government in various portions of the Empire.

Many people who recognise the importance of our external trade confine their action to demanding in strident tones that the Government should do something. Our present experience of Government action does not seem to me to hold out much hope from Government action in the future.

Let me turn to the equally important but much more difficult side of industrial development—the domestic side. The most urgent problem we have to deal with is the position of the men when they return from the War. If that problem is not dealt with, we shall certainly have chaos, and, as some people think, perhaps revolution.

Our people have become accustomed, and rightly accustomed, to a higher standard of wage, due to the increased demand for labour, and what we have got to consider is how that higher standard of comfort and the higher wage can be maintained after the War. To my mind this is the problem of problems.

I venture to ask a series of questions in order to help us to solve that problem. For one thing, cannot we on the one hand secure universal employment, and on the other widespread enjoyment? If our people permanently insist on a higher standard of living for themselves, their own demands for comforts and luxuries, either of home manufacture or of foreign importation, will create employment for themselves either in home or export industries. Reciprocally, if we utilise for the purpose of peace the tremendous productive power which the War has shown we possess, we can secure for our whole population a richer, a fuller, and a happier life.

How are we to effect this combination? The difficulties in the way are very serious. On the one hand, as we all know, the workman restricts his output. He does it because he is suspicious of his employer. On the other hand, the employer pays low wages to his workman, and he does it because he knows that the workman produces very little work. You get to a deadlock. There has been a partial suspension during the War, due to patriotic pressure—not, perhaps, so universal as it ought to have been—but after the War that suspension will cease. Indeed, curiously enough, our politicians, with that ephemeral view which seems to be the necessary counterpart of politics, have actually been promising the workmen that after the War the old conditions are to be restored—that is to say, that after the War a man's pride shall be not in doing as much work as he honestly can, but in doing as little as the foreman will pass. I can imagine nothing more extraordinary than that politicians should deliberately hold

that up as an ideal to the manual workers of this country.

In view of the mutual suspicions that exist, it is extremely difficult to get rid of the present deadlock. The problem is insoluble, like most economic problems, by economic forces alone. It must be solved, if at all, by moral forces. We want, in fact, a changed moral outlook on both sides. There have been faults on both sides. I am well aware of the follies of trade unionism, and, if I were addressing an audience of manual workers, I should lay special stress on some of the idiotic regulations by which workmen block their own progress and injure their country. But as I am addressing members of the employing class, it is to employers that I make my appeal to-day. I suggest that we shall not get over the economic difficulties that confront us until employers demonstrate to their workmen that they look upon the workman's well-being as one of the primary objects of their business.

Let me give a practical illustration. Think of the inconvenience to a workman of having to travel a long distance every day to his work and finding no provision for food in the middle of the day. Yet in a great many works that is still the case. Since the War broke out, people have suddenly awakened to this great hardship on a large part of our population, and we have had canteens established for munition workers. I have seen some of the reports from these canteens, and they are uniformly enthusiastic as to the advantages which have accrued. There has been an improvement in the health of the people, less broken time, and less drunkenness. It is a very simple thing. Why have

so few firms yet dealt with the matter? Ill-feeding, as everybody knows, means inefficiency. It also means discontent, and discontent means bad work. There are very few employers who do not make it part of their business to take care of their machines: I hope in the future there will be no employer who does not make it part of his business to take care of his men.

But, after all, the question of wages is the fundamental question. As long as you have low output, so long must you have low wages. The workman cannot receive more than the product of his work is worth. That is an axiom which I am afraid a good many workmen never seem to be able to understand. More than that, the workman cannot receive so much as the product of his work. I know the socialists profess that the workman ought to receive the whole product, forgetting that a large part of that product is due to the machine which the workman does not own and did not make. In this audience it is unnecessary to elaborate that point. It is a matter of common equity that the owners of the machine and the organisers of the business are entitled to a portion of the product as well as the men who work the machinery. Unfortunately, we still find that workmen in many places look upon improvements in machinery with very much the same suspicion as in the beginning of the nineteenth century, when they used to break the power-looms. It is very curious, because, if you come to think of it, the very first instinct of man, however uncivilised he may be, is to make a tool to help him in his work. Indeed, man might almost be defined as a tool-using animal. A machine is only an elaborate tool. I venture to lay down this proposition,

that, so far as material comfort is concerned, the progress of mankind is dependent upon the progress of machinery.

There is the further unfortunate fact that normally—that is to say, in peace time—we are not even making full use of the machines we have got—very much less than full use. During war there has been a greatly increased output, owing, as I said before, to moral considerations, because you have appealed to the men, not only on the economic side, but also on the moral side, by asking them to think of their country as well as of their pay. But after the War you will have the same difficulty as you had before. The increased output will certainly cease unless the wages problem can be satisfactorily dealt with. The wages problem really amounts to this: the question whether the workman's share of the total product is adequate. I admit that there is no general way of deciding precisely how much shall go to Capital, how much shall go to management—one of the most important factors of all—and how much to Labour; but I think we here can candidly admit that, looking at the problem broadly as a whole, the workman's share of the product is not adequate.

Let me give an example of the direction in which great reform is possible as well as desirable, namely, the hours of working. Generally speaking, the hours of working in this country are too long. Shorter hours would undoubtedly tend to increase the efficiency of the workman and of the workwoman. The trouble is that shorter hours mean a reduction in the efficiency of the machine, and the machine is becoming more and more the important factor in production. There-

fore you have this difficulty, that while on the one hand the workmen are eager for shorter hours—for the same pay, of course—the employer wants longer hours, because the longer hours mean a greater output from his machines and a greater proportional yield for the establishment charges. But surely the solution of the problem is not very recondite. It merely means the adoption of the shift system. Then you can get shorter hours for the men and longer hours for the machines. We have done it in war; all over the country machines are now working right through the twenty-four hours with two shifts of people, and sometimes three shifts of people. If we can do it in war to destroy our enemies, why cannot we do it in peace to build up our own people? The system at which we should aim is the three-shift system. Twelve hours is too long. The three-shift system provides a period of working during which the individual can generally retain his maximum efficiency. There is the further argument for the shift system that the same amount of plant furnishes employment for three times as many people, which is a very important consideration in view of the very large number of women who have now learned to work machines. The increase in the productive power of the nation would be enormous.

There are, of course, other measures of increasing the efficiency of industry with which you as engineers are much more familiar than I am. Probably many of you have heard of what is called "scientific management" in the United States, started by a man named Winslow Taylor, an enthusiast, who secured some very remarkable results, equally beneficial to employer

and employed, by scientifically directing the workman's operations. We are all familiar nowadays with the spectacle of a sergeant teaching soldiers how to handle their weapons. The War Office does not trust to the instinct of the Tommy ; it insists that he shall be taught carefully and methodically how to make the best use of the tools entrusted to him. In exactly the same way, it is certain that you could develop the individual capacity of the workman or workwoman by a system of scientific training. Winslow Taylor's idea has been taken up very largely in the United States, but has not been universally successful, because in many cases the employer has looked upon it simply from the point of view of profit-making, and has neglected the human side, and so has created resentment among the workpeople instead of securing their acquiescence.

By a more extended use of machinery and a more scientific use of human muscles, we can secure on the one hand a greater output of work with a diminished cost of production ; on the other, higher wages for the worker, with less physical exertion. Those are the ideals for the industrial development of the future. At present their realisation is obstructed by class suspicion, resulting in class warfare. I ask you to consider whether it is necessary to maintain this class suspicion permanently as a part of our social system. In the trenches it has disappeared ; men of all ranks are standing shoulder to shoulder, fighting the enemy and facing death. It is for us to plan and prepare so that after the War the same spirit of comradeship may bind us all together to work for the triumphs of peace.

(b) INDUSTRIAL

(1) *Group. National Guildsmen*

MR. G. D. H. COLE

Along what lines ought the reconstruction of industry after the War to proceed? That, I take it, is the gist of the three questions which the *New Age* is asking of its contributors; and I feel that I can best answer those questions by attempting a general answer to my own. That there must be some reconstruction of industry we are all agreed; upon the lines along which reconstruction ought to proceed there is the greatest divergence of opinion. Perhaps we can best approach the criticism of the rival principles of reconstruction by a survey of the tendencies that are operating during the War period. I shall begin, then, with a dogmatic summary of these tendencies as they appear to me.

I.—During the War, *Labour* has received from the State a fuller recognition than ever before. This recognition has taken both agreeable and disagreeable forms. Labour has been consulted more than ever before, or, at least, Labour leaders have been consulted. Labour, or, again, the Labour leader, has been called upon to assume a far greater degree of communal responsibility, and, at least in appearance, of communal power. On the other hand, Labour—and here I mean the actual manual workers—has been compelled to submit to rigorous limitation of its freedom of action, and to a far greater measure of State control than seemed possible before the War. Spiritually, Labour has both gained and lost: it has gained by the recognition of its

influence and right to power; and it has lost by the inability to exercise that influence and right to power effectively. Materially, Labour has once more gained and lost: it has gained because, on the whole, its earning power has increased, and because it will be difficult for wages to fall again to the pre-war level; and it has lost because the strength of trade unionism has been seriously impaired by the concessions that have been made.

II.—*Capital*, like Labour, has received from the State a fuller recognition than ever before. From the beginning of the War, the control of business men over government has increased, until now capitalist interests have, to all intents and purposes, a government of their own. Profits, it is true, have been limited both under the Munitions Act and under the Excess Profits Tax; but in both cases only excess profits have been touched. Moreover, in return for these limitations, the capitalist has received both the protection of the State in his business and additional power conferred by the State over the workers he employs. Capitalism has become the State's accredited industrial agent, and State control has only served to strengthen the capitalist's control over industry. Again, Capital has found during the War ample scope for industrial experiments impossible in times of peace; and the result of these experiments has been to make Capital both more efficient and stronger.

III.—The *State* has intervened in industrial questions more than ever before. It has organised production, and directed the productive energies of the nation, on an unprecedented scale, and it is apparently about to embark on still larger industrial

enterprises. Throughout, however, the action of the State has taken such forms as to leave private capitalism not only the ownership but also the management of industry. The Munitions Department, co-ordinating the labour of millions of workers and thousands of establishments, itself directly employs comparatively few persons. Only in the sphere of the merchant, as buyer and seller mainly of raw materials, has the State, chiefly through the War Office Contracts Department, directly assumed functions previously belonging to the capitalist. It has "controlled" the railways; but the companies still manage them. It is "controlling" the mines; but the mine-owners are to "carry on as usual." In short, its control over capitalism has not taken the form of expropriation, and has not involved any drastic change in the management of industry. Again, in relation to Labour, the State has assumed large new coercive powers, not only under the Munitions Act, but also under the Military Service Acts and the Defence of the Realm Act, and further drastic action in this connection seems likely. But much of this extended power over Labour is exercised by the State, not directly, but in the new feudal form initiated in the Insurance Act, indirectly through the employer.

IV.—From the point of view of *Society*, we may sum up the industrial effects of the War as these. Private Capitalism, as we knew it before the War, has suffered a shrewd blow from which it can hardly recover; but it has been replaced by none of the alternative systems which, before the War, seemed its only serious rivals. Collectivism, or the direct control of industry by the State; Syndicalism, or the control

of industry by the trade unions; and National Guilds, or joint control of industry by the guilds and the State, are as far off as ever, if not farther off than ever. Instead, we have, at any rate, the beginnings of a new industrial system, properly to be called State Capitalism, under which private capitalism and profiteering continue with the moral and physical support of the State.

So far, we have been merely diagnosing the existing disease. Now we must turn to the future. Here, again, it is most convenient to divide our subject-matter into two main parts—dangers and possible remedies.

(a) First among the *Dangers* for the period after the War is the possibility that State Capitalism may be permanent, or as permanent as a stage in the industrial evolution of society can be. This danger is the more disturbing because of the possibility that Labour may be brought, or, at least, may seem, to acquiesce in the new system. The participation of Labour in the present State Capitalist Government may be but a political foretaste of a situation that will be reproduced in the industrial sphere. As Mr. Lloyd George offered Labour a junior partnership in politics, the capitalists, and the capitalist State on their behalf, may offer Labour a junior partnership in industry. If such a partnership is accepted, good-bye for awhile to our hopes of ending capitalism and the wage system. Labour may be offered not only a form of junior partnership in control, but also higher wages, shorter hours, and better material conditions; and it may even, if the capitalists are wise enough, be offered these things in return for little apparent concession on

the Labour side. It will be enough to secure the triumph of Capital if, by one means or another, Labour can be drawn into the capitalist system, and converted into an upholder of that which it has hitherto more or less consciously menaced. An industrial truce, probably guaranteed by the State; new and subtle schemes of profit-sharing which offer to share profits with the trade union instead of the individual; bogus schemes of workshop control which lay upon the unions the responsibility for keeping their members in order—these are the most dangerous, because the most specious, proposals which may come from the capitalist side as parts of a general scheme of reconstruction, including, also, higher wages and shorter hours of labour. Will Labour, which has never been strong in the possession of a constructive ideal of its own, have the foresight and the moral force to resist these blandishments? We cannot, after our experience of Labour during the War, venture to give an optimistic reply. Yet these are the offers Capitalism will make, if it has the wisdom of the serpent. Only the folly of Capitalism, or a new-found wisdom in the ranks of Labour, it seems, can save us from the régime of State Capitalism after the War.

(b) Yet we must not be pessimists, if we can see that there are *Remedies* to hand, if Labour can only be persuaded to adopt them. State Capitalism steals the thunder of Collectivists and National Guildsmen alike. It does not give nationalisation or State ownership and administration of industry; but it gives a form of State control which the foolish will mistake for nationalisation. It does not give trade union or guild control of industry; but it does offer a sort of

which is the weakness of the working National Movement. Because they recognise their other-ness with a view to their own problems: they must leave their attitude to the immediate problems of State control and nationalisation, and they must leave their attitude to expansion in workshop control.

It is true that the whole problem of nationalisation has finally altered as a result of the War. Some industrialists have always been opposed to nationalisation. I have never taken that view: and perhaps you may share my own attitude as one of half-hearted resistance. To-day, my position is different. We are faced with the immediate alternatives of industry—the continuance of private ownership backed by State protection under the guise of control or nationalisation. Of the two I vastly prefer nationalisation. Under either system, the power of the State is stayed in the side of the wage system; but the chance of developing the Guild idea and the Guild demand among the workers seems to me very much greater under national ownership than under State Capitalism. By it we at least secure that great step towards our ideal—united management; and, if we do not abolish profiteering, we do at least crystallise it into the form of a fixed rate of interest. At some stage, we agree, the State must assume ownership of industrial capitalism; and it appears to me far better that it should assume ownership now than that it should stand openly as the protector and assurer of private capitalism. In connection with all proposals for nationalisation, the Guild demand for joint control with the State must be pressed, and pressed hard;

but, even without that, Collectivism is to be preferred to State Capitalism.

(2) I now come to the question of workshop control, or, rather, to the wider question of industrial control of which workshop control is only a part, and by no means the greatest part. The Guild ideal is that of joint control of industry by the Guilds and the State, or, to define it better, the control of industry by the Guilds acting in conjunction with the State. It is not that of joint control by employers and employed, and such joint control, properly so called, cannot even be, to my mind, a stage in the evolution of the Guilds. Joint control, in the sense of harmonious co-operation, cannot subsist between the parties when one is trying to displace the other altogether, and our ideal is nothing less than the complete displacement of capitalism. The development of trade unionism towards the Guilds must therefore take the form, not of the acceptance of joint *responsibility* for the conduct of industry by the trade unions, but of increasing *interference* by them in the conduct of industry. Where a whole province of industrial management can be taken bodily out of the hands of the employers and transferred to the workers, well and good; that is a stage in the evolution of National Guilds; but until such complete transference can take place in any sphere, the action of the trade unions must remain external, and, to that extent, irresponsible, if they are to maintain their independence and their freedom to go further.

Let us seek now to apply these principles to the question of workshop control. If workshop control means the assumption by the trade union of the

responsibility for the discipline and ordering of the workshop, well and good, provided the transference of power is complete ; but if what is meant is joint control of workshop discipline by employers and employed, ill and bad for the independence of trade unionism and the freedom of the individual worker. Actual suggestions for workshop control seem, however, to point less to either of these things than to the institution of Workshop Committees for the adjustment of workshop conditions and grievances. What is to be the Guildsman's attitude to such proposals ? It all depends. If it is to be acceptable, the Works Committee must be less a Joint Committee than two Committees meeting for joint consultation. The workers' side of the Committee must preserve its separate character, and must be linked up with the organised machinery of the trade union movement. The Works Committee must be not so much a legislative body passing laws for the works as a meeting of the management and the trade unionists for adjusting conditions and relations in the workshop. In fact the trade unionists, in their policy on Works Committees, must follow the path, not of joint responsibility for industry, but of collective interference in industry.

The attitude must be the same in relation to proposals for joint action between employers and employed over areas wider than the single works. Proposals are current for Industrial Parliaments and for joint committees, both national and local. In all cases, the trade unions must beware of entering into partnership with the employers in the conduct of industry, and, above all, from acquiring an interest in

the maintenance of capitalist industry. They must keep their independence unspotted from profiteering and the profiteers, if they are not to find that, in seeming to gain a first instalment of control over industry, they have lost their own souls and the power to rise to higher forms of control. The maintenance of the strength and independence of trade unionism must be in all things the first consideration ; and no immediate step that seems a gain, however great, must be taken if it involves, even in the smallest degree, a sacrifice of trade union independence or strength.

These are the main general considerations which are present to my mind in relation to Labour policy after the War. If they seem too largely negative, I must answer that we cannot hope for great positive advances while the standard of organisation, leadership, and intelligence in the trade union movement remain what they are to-day. We can only seek, and hope for, such changes as will reorganise trade unionism internally and equip it intellectually for the task of winning control. Viewed in the light of this immediate aim, does the policy put forward seem so negative after all ? Workshop control, if it takes the form rather of interference than of responsibility, will afford the most valuable training the workers can have for their greater task. The more they learn to intervene, and the more continuous their intervention becomes, the more they will be learning how to control. Actual control they will win only when they are fitted to exercise control ; and they can have no better weapon in the conflict than a fitness for victory.

There are, of course, a thousand and one subsidiary

problems which confront Labour in formulating its after-the-war policy. I have concentrated on the problem that seems to me fundamental. The real issue for society is whether industry is to continue its development along the lines of autocratic control from above, or whether industrial autocracy is to be displaced by the industrial democracy of National Guilds. An immediate policy for Guildsmen will be also an immediate policy for trade unionism; for there is no other democratic industrial policy in the field, and trade unionism must perish unless it can arm itself with a constructive industrial policy.

MR. W. MELLOR

(Secretary, National Guilds League)

About the immediate future of industry I am a pessimist. During the War, Labour has shown such incapacity for bargaining in the time of its strength that it is useless to hope for any radical change in the time of its weakness. If the rewards of the trade union movement for its "patriotism" since August, 1914, have been the Munition Acts, the Defence of the Realm Acts, the Military Service Acts, and Industrial Conscription, its rewards when peace comes may well be even more uninviting. If, at the time when partnership with the State might have been obtained, Labour has become the slave of the Joint Stock Company, can we honestly believe that, with the approach of peace, the advantages won by capitalism will be thrown away? Is it, in fact, of any use to pretend that the workers will have aught but defeat as the result of the War? I do not believe it is, and so my answer to the first part

of the *New Age* questions is, "Chaos combined with deceitful kindness."

Instead of becoming better organised and more conscious of its real mission, Labour since August, 1914, has steadily lost ground. Time that might have been given to the bettering of relations between the skilled and unskilled has been criminally wasted in useless bickerings. Occasions that might have been utilised to the advantage of all Labour have been used for the advantage, temporary and not real, of this or that section. To me the most dangerous occurrence during the War is not the Munitions Act or any other piece of repressive legislation, but the constant playing off by Labour of one group against another. Consider, for instance, the agreement made by the skilled unions in engineering over the Military Service Acts. The result achieved is this: to-day in the engineering industry the prospects of industrial unionism are more remote than ever; the capitalists and their agent, the State, have driven a wedge between skilled and unskilled which may well shatter even the semblance of unity that existed prior to the war. Or take another example. The Labour Advisory Committee, composed of representatives of skilled workers in the munitions industries, fights publicly, if not privately, against wholesale dilution of labour in their own trades, but the majority of the committee gaily assents to the Government scheme for introducing coloured labour into the building industry. And when the building unions vigorously protest, their protest causes surprise and regret in the hearts of that committee.

To put the matter rather brutally, the spirit of capitalist competition has been introduced into the

Labour Movement as a direct result of the War. Now, every union plays for its own hand, and the devil is left to care for the interests of all. Watch the actions of Mr. John Hodge, with his love of Labour Exchanges, of Protection, and of a combine of Capital and Labour in the steel industry, and see if it is not true that his outlook is entirely parochial and narrow. Were John Hodge alone, perhaps National Guildsmen need not worry overmuch ; unfortunately, both for our peace of mind and for our optimism, there are John Hodges in every industry, and their power is great. As the "John Hodge Stock" rises in value, the "Class-Conscious Securities" descend precipitately towards zero.

At the end of the War, then, official Labour will be disunited, and still waiting, cap in hand, upon Governments and profiteers. Unofficial Labour will be disgruntled, rather disgusted with its "leaders," but utterly helpless. Internal disorganisation within each union and each industry will lead to impotency outside. I do not put any store by the prophecies of a "new status" that is coming, nor on appeals to the changed relations between Labour, Capital, and the State during the War. The first Treasury Conference was a Charter of Slavery, and from such a charter only evil can flow.

I have said that besides chaos there will be deceitful kindness, and wherever there is kindness in the relations of Labour and Capital, National Guildsmen should go warily. During the War the capitalists are busily at work securing the foundations of a new type of wage-slavery. They have discovered, to quote the words of Mr. Dudley Docker, that "it is to the interest of all employers to make *their* workpeople happy." Their

methods are obvious. They intend to buy off the leaders and through them the led by offers of a very, very junior partnership in industry. Through Industrial Parliaments, through bogus workshop control, through extensions of the Trades Boards Act, through joint committees of every conceivable kind, and, above all, through fairly high wages and comparative security the employers are trying to keep down the hostility between Labour and "Capital," to them so deplorable, to National Guildsmen so just. And everything points to their success. Within the Labour Movement itself there are forces at work, Fabian and reformist, that will rally to the cry of "Peace and Security," and will never waste a thought on the basis of the Peace. Writers of *Times* articles, Labour officials with eyes upon jobs and their own union, rank-and-filers with no outlook beyond high wages, will fall over themselves in their eagerness to accept Greek gifts.

After the War, capitalists will have learnt the lesson of the War. They will know, what many of us have known all along, that too many of the workers of this country can be bought off by the gift of high wages and the shadow of control, and they will no longer be afraid of Clyde uprisings and South Wales discontent. Scientific management, high-speed production, piece rates, and premium bonus systems will be offered and accepted, because Capital now knows that the cupidity of many of the workers is greater than their idealism.

As for the Nation, I leave that to the Nationalists. All I care to say now is that the State and Capitalism are so intermixed at the moment that it will matter little to Labour which of the two "controls." Unless Labour suddenly recovers its sanity—and of that I

see little hope—the State after the War will more than ever act as Capital's watchdog, and the movement towards real national ownership will be stopped, because the capitalists prefer nominal national control. The machinery of the nation is in the hands of the owners of the nation now more than ever, and they will not let it go. State and Capital want *their* work-people to be happy, and servility is their method. No price is too high where profits are at stake.

And now I will turn to the second question ; “ What is the best policy to be pursued by (a) Labour, (b) Capital, and (c) the State ? ”

First let us discuss Capital. It *is* pursuing the best policy for itself *now*, and presumably it is aware of the fact. To be kind and to make your workers contented is Capital's proper course, and, were I a capitalist, I would go to any lengths, short of surrendering my business, to produce harmony in my works. And the specifics I would use would be High Wages, Short Hours, Workshops Committees, and Joint Control. As I am not a capitalist, I hope my advice will not be taken.

To turn to Labour and the State. The two are so bound up together in my ideal of society that in attempting to answer the question addressed to me by the *New Age* I can but deal with the two together. The best policy for Labour with regard to the State is to organise its industrial forces so that it may control the machinery. The best policy for the State—regarded as something more than the machinery of government—is for it to be controlled by the people. The probable future of the State I have already indicated, and such a future can only harm Labour's

real interests as well as its own. But, then, I do not believe in a capitalist State.

For Labour the best policy is fourfold—to perfect its industrial machine, to avoid all entangling alliances, to take what it can get from the capitalists and the Government, and to surrender none of its freedom. In short, I regard Labour's best policy to be the policy of minding its own business. A selfish policy, perhaps, but Labour cannot afford to be unselfish. And what is Labour's own business? So to organise the workers of this and every other country that the voice of the black-leg shall no more be heard in the land; so to encroach on the management of industry that the capitalist will find his occupation gone, and the "professional" will be forced over on to Labour's side; so to reorganise its internal machinery that it shall have one plan and be a united army. I admit that this sounds like the peroration of an agitator's speech, but it is usually the perorations of such speeches that are right. I admit that it has all been said before, but, if a truism be true, reiteration cannot make it false.

The time most definitely has not yet come for Labour to become a responsible partner in industry or in government. It possesses neither the organisation nor the men, and, until it does, "responsibility" means disaster. For National Guildsmen the ideal is clear, but they should beware lest they try to force its growth. And that is what is happening. We have reached the stage when everybody is beginning to say, "We are all National Guildsmen," but we have not reached the stage when their deeds have ceased to betray them. To me the danger lies in accepting partial measures in the hope of "getting a move on."

What is needed is a machine and an army that will know what it wants ; then the move will come. The policy of reformism is damned ; National Guildsmen should see that it is also dead.

Unlike Mr. Dudley Docker, I believe that it is Labour's duty to make the capitalist unhappy. The more Labour succeeds in this task, the more I shall be pleased. For constant unhappiness kills, and I want Capitalism to die. Labour should worry neither about what the capitalist *ought* to do, nor about what the State *ought* to do ; Labour should make up its mind what it *wants* to do—and then do it.

MR. MAURICE B. RECKITT

It would be almost impossible to give brief replies that could be of any value to the enormously critical questions which the *New Age* has propounded. I can only attempt to set down a few isolated hints and suggestions.

The Industrial Situation after the War

(1) (a) *Labour*.—The worker will be faced with every material disadvantage ; he will be armed with one great moral and psychological asset.

The disadvantages of his position economically have already been sketched in a hundred forecasts, and need not be repeated. The most important are those which tend to destroy or impair his labour monopoly (Dilution), etc.

The asset will be the sense of status gained by a recognition by many among the working class of their essential value to the national service. To the vast

majority such an idea will be absolutely new. Its potentialities are obvious.

It is worth noting that this does not apply only to the returning soldier. The huge army of "war workers" have been appealed to for sacrifices and exertions on the ground that their labour was indispensable to the national effort. (e.g. : The War posters—"It's Our Flag : Fight for It ; Work for It." "We're both needed to serve the guns," etc.) It is true that the status imposed on the worker under the Act was in fact a servile one. The "partnership" between the State and the unions was illusory, but the very fact that the illusion has been dangled before the worker may well induce him to reach out for the reality. It will have suggested a possibility that had scarcely been present to his mind before. And the returning soldier will be less satisfied than ever to return to the rôle of "machine fodder," contrasting so sharply with the "brotherhood of the trenches." The workers will no longer rest content to have lost their way in the dark forest of the wage system ; they will have seen the light beyond the trees. The struggle to reach it may become a stampede, or it may be an ordered search for the true paths. In either case the spell of the forest will have been broken. That spell is the "wage slave morality" which the profiteer has so far succeeded in imposing on the worker.

(1) (b) *Capital*.—Capitalism during the War has surrendered nothing but a light toll of "excess profits" in return for which it has gained vastly in power and prestige. It has succeeded to the national partnership of which the workers have been afforded only a distant glimpse.

The Munitions Act extended a State sanction for forced labour in the interests of profiteering. It definitely created the industrial serf who might not leave his lord, but must labour for him in whatever manner he dictates.

No more decisive advance to industrial autocracy has been made previously in this country. Henceforth we have to reckon with a Chartered Capitalism crowned with the halo of State partnership and claiming to represent the fruits of "Progress."

Capitalism will thus emerge from the War stronger than it has ever been in the past. It has broken down every trade union standard rate; it has destroyed by the universal adoption of "overtime" and its accompanying bribes the necessary safeguard of a "normal day"; it has discovered in the labour of women a limitless field of exploitation; it will possess in the demand for increased production and in the agitation for a trade war against Germany the means by which it may hope to wring from the nation assent to the extension of its present enormous powers and from the workers acquiescence in the confirmation of industrial slavery.

(1) (c) The nation as a single commercial entity; if it avoids the worst excesses of the Paris Conference, may come better out of the post-war situation than is suggested by the gloomier forecasts as to the state of trade. There will be great need for replenishing stocks of those things which it has not been possible to manufacture in sufficient quantities during the War—more especially such things as may have been destroyed in the course of it—*e.g.*, merchant ships. Moreover, there is likely to be a considerable demand for assistance in

the restoration of wasted areas in Belgium, France, and even Poland and the Balkans.

It is clear that England's most dangerous competitor will be, not Germany, but America. In this connection it is valuable to recall the suggestion already made by the *New Age* that the field in which Britain may hope to compete with the U.S.A. is Quality and not Quantity. But the production of Quality depends ultimately upon the spirit and the conditions under which goods are produced. A Servile State will tend to decrease the quality of its production, as it sets before itself the ideal of a mere "increased output." In this respect, as in so many others, the future of the nation as a single commercial entity will depend upon the degree to which its industrial reconstruction approximates to National Trusts or to National Guilds.

The Best Policy after the War

(2) (a) *Labour*.—The best policy to be pursued by Labour is the reverse of that which it seems likely to adopt, and has, indeed, already endorsed at this year's Trade Union Congress. A "three years' truce" with Capital would mark a fatal surrender, not merely to the power of Capitalism, but to its philosophy. The "reforms" demanded in return are in every case perfectly consistent with the successful development of "Capitalist Progress," and in some instances would be actually an assistance to it. If such a truce were really called for and universally observed by the whole Labour movement, the class struggle might be said to have ended in a decisive victory for Capital. There is evidence, however, that, when the implications of such a truce are clearly understood, there will be at least a

sufficiently large minority within the movement to make the maintenance of it impossible, even if it were formally concluded. Nevertheless, the whole notion of industrial pacifism is perilous to the moral of the worker, and in particular the suggestions of a Ministry of Labour and a Compulsory Trade Unionism, whether imposed by the State or by the employer, must be resisted. For they would mark the acceptance of a servile solution to the industrial impasse of to-day, and deliver the workers, bound hand and foot, to their present masters.

The true policy for Labour must be based upon the repudiation of "wage slave morality." It is not likely that it can be consciously so based in the case of the majority of the workers, but the value of every step must none the less be judged according to the degree in which such a repudiation is suggested. The future of Labour is, of course, synonymous with the future of trade unionism, and, if that future is to be anything more than a mere accompaniment of profiteering, it must be animated—in the case of a strong and intelligent minority, at least—by a revolutionary ideal. The realisation of such an ideal will involve changes both of structure and policy. The changes of structure must be, broadly speaking, such as shall, by amalgamation combined with craft autonomy, transform the defensive trade unionism of to-day into an industrial unionism capable not only of waging war upon the employer more successfully, but of becoming the nucleus of the National Guilds of the future. Besides this, and even more urgent, is the need for evolving better machinery for the central control of the whole trade union movement, and of evolving a real "Higher Command" by fixing and delimiting the functions of the Trade Union Con-

gress, the G.F.T.U., and the Labour Party, and, parallel with this, stimulating the activity of trades councils, the importance of which has been greatly neglected in this country. For immediate offensive purposes the most powerful weapon the Labour movement has to wield is the Triple Industrial Alliance (N.U.R., M.F.B.G., T.W.F.), which has as its more or less conscious basis industrial unionism, and the possibility of extending this to include other unions as they approximate to an industrial basis should not be lost sight of.

More important even than changes of structure are changes of policy. The trade unions must abandon the old definition of their function which explained their existence as necessary "for the purpose of maintaining or improving the conditions of the wage-earner's employment," and re-model their policy with the aim of becoming "associations of workers for the purpose of overthrowing the wage system and assuming the control of industry in conjunction with the State." Such a share in control must develop out of the existing situation, and cannot be postponed until the structure of industrial unionism is perfected on the one hand and all the great industries are nationalised on the other. The unions, then, must be prepared to wring a share in control from the capitalist, so long as the State continues to tolerate his command over our industrial resources, but such control must be sharply separated from the bare suspicion of partnership. The unions must be adamant to every proposal, under whatever name it may be put forward, which could lead them to compound the felony of capitalism. The value of every step towards control must be judged by whether it

leaves the capitalist weaker and the trade union stronger as an *external, autonomous, encroaching* force. If it does not seem likely to lead to this result, it must be refused. It is clear that "joint control" may mean control between the unions and the employers, nationally or locally, by means of joint committees, or it may mean "workshop control" between the employers and the workers in any particular shop. In the latter case it is vital to insist that it shall be participated in by unionists only, but the trade unions concerned must see to it that it is they who enforce this condition and not the employers. In general, the true policy of Labour is one that insists on the employer dealing with his workpeople only through the union and not as individuals, and in this connection it would be well to strive to ensure that, while the worker continues to sell his labour, he shall sell it, not individually, but collectively, and that payment of the worker shall be made through the union.

It is hardly necessary to insist upon the vital necessity of the preservation of the right to strike, but the moral value of the strike weapon would be greatly increased if, instead of it being used almost exclusively to obtain wage advances, it was reserved for the essential issues in the sphere of "discipline and management" which involve a demand for and an acceptance of control and responsibility. If, for instance, the enormous power of the "Triple Alliance" is displayed for the first time in an attempt to secure merely a financial gain for its members, public opinion would certainly incline to support, if not to force, the Government to combat what would appear as no more than a dangerous and self-seeking conspiracy. The trade union movement has

much to gain by taking the public into their confidence against the capitalist, and demonstrating that their effort is not a conspiracy but a crusade. It is essential not merely that the trade unions should pitch their aims high, but that they shall make those aims clear. The conscious resolution to fit itself for the responsible rôle of a National Guild would be the finest, and perhaps the only, way in which a trade union could rally to its support the professional element and even the managerial grades. In the meantime the unions would be justified in striving for the right to the election of foremen (a right of rejection is already enjoyed in some instances), and in securing that foremen are enrolled in, and will consequently proceed from, the same associations as the workers themselves.

In regard to politics, the participation of Labour should be decided upon only after three considerations have been clearly taken into account and understood. First, that the wage system cannot be overthrown nor Labour emancipated by political means. Secondly, that the Labour movement cannot afford to spare the men—and the energy and the organisation necessary to return them—without impairing the efficiency of the class struggle in the main theatre of operations—the sphere of industry. And, thirdly, that the political effort Labour may determine to make is in no way bound up with the machinery of trade unionism. It is dangerous both to trade unions and to the State that organisations with a definite sectional purpose and interest should interfere as corporations with problems that are the concern of the nation as a whole. If they do so, moreover, the worker is likely to lose his status as a citizen altogether and participate in national

affairs only as a subordinate "industrialist." The principal efforts of Parliament to-day are directed not to the promotion of liberty but to its extinction, and, while this is so, what is needed in Parliament is a group of absolutely disinterested and tireless persons whose chief task it will be, not to promote legislation, but by exposure and criticism to amend and prevent it. Such work is not likely to be best performed by trade union representatives thinking chiefly of the sectional interests of their own industry and liable to overlook the interests of the people as a whole. Their labour will be of far more value if devoted to the industrial future of their unions. The thankless task of acting as sharpshooters in defence of freedom in the House could then be left to those members of the middle class who have the courage for it, leaving the trade unions to make up the leeway in the industrial sphere that their twenty years of political "pot-hunting" has rendered necessary.

(2) (b) *Capital*.—The best policy to be pursued by Capital (or rather by capitalists) is to prepare by every means for the extinction of profiteering and the replacing of it by National Service in industry.

It is only necessary to state this to perceive the absurdity of expecting it. The best policy from the point of view of seeking to establish Capitalism more securely would be to accept all the demands made by this year's Trade Union Congress, and obtain a "truce," or rather a complete surrender, in return. Whether the leading capitalists will have foresight to take this step is fortunately very doubtful.

If an employer sincerely desired to make his branch of industry the nucleus of a future guild, he could do

much by co-operating actively with the trade union or unions catering for his workers in every stage of production, handing over such experiments as "Welfare Work" entirely, or mainly, to their own control, introducing Scientific Management in the form not of slave-driving but of task-setting in conjunction with shop committees of the workers themselves, and with the object of saving and stimulating labour and not dividends. He could not call into existence a guild where the workers were not prepared to consider the prospect of establishing one. His rôle in such a development must necessarily be secondary to theirs. But he could set before them the ideal, and smooth the way to every step by which his transition from profiteer to servant of the guild was likely to be hastened. A point might be reached when managers and organised workers might approach the State with the claim to be recognised, not as a profiteering corporation, but as a responsible partner in the national service of industry.

So much is possible. It is sufficient to say that, not only is such an idea not being followed by the modern employer, it has never occurred to him. He is thinking not of National Guilds but of National Trusts. These latter might well allow of the recognition of subordinate workers' associations based on the trade unions of to-day, of which the average employer is (and generally with reason) no longer afraid. This is illustrated by the words of the chairman of the British Manufacturers' Association at its first annual meeting recently. "Not very long ago," he said, "most manufacturers looked upon the trade unions as their natural enemies. We held them at arm's length. We looked upon them as mischief-makers among our workpeople, and we refused

to have anything to do with them. No more remarkable change has occurred than our attitude to-day in connection with these unions. Many of us to-day are saying, 'Well, those union leaders are not such bad chaps after all.' There is a good deal of truth in their contention. They have dropped a lot of their old socialistic nonsense, and their aims to-day are little more than the ideas of live and let live."

This extract throws light on something more urgent than the "best" policy for the capitalist; it reveals what will be the actual one.

(2) (c) *The State*.—The attitude of the State to spontaneous and essential associations within the community should not be one of hostility or even patronage. It should be prepared to recognise and to co-operate with all such associations so long as it is satisfied that they are not organised in opposition to the general interests of society, or the interests of any of those necessarily concerned with the social process which the association in any particular case claims to deal with. In such cases it should refuse all recognition to such associations, and only co-operate with them as far as is rendered necessary by circumstances, while at the same time doing everything in its power to foster the growth of an association which shall be suitable to the social tasks which it undertakes.

If those propositions are accepted, it is obvious that the State would be wrong in accepting *any profiteering corporations*, whether employers' associations or trade unions, or even both combined, so long as they remain in their present relationship to one another—as fit bodies to be entrusted explicitly with the conduct of the nation's industry. It may enter into relations with

them ; it should do nothing to establish or recognise them, while they exist to produce or assist in producing profits, as final and satisfactory partners with itself. It is important that this point should be seized, for there is an increasing danger of the State extending what would amount to a charter to the principal capitalists of to-day in return for a guarantee from them that they would maintain certain standards and conditions in regard to their workpeople. Such a "chartering" would be accompanied probably by some sort of more or less official "recognition" of trade unionism. It is some such idea which is in the minds of most people when they talk of "National Reconstruction after the War." But the time is far indeed from being ripe for any reconstruction which would justly be regarded as final, and the workers will need to be careful that they do not assent to any such system being imposed on them. For, if once their consent to such a system as finally satisfactory were even to seem to be obtained, every effort to improve their status, and thus to interfere with such a "settlement," would be made to appear as a breach of faith and a social crime. If the State proposes to charter capitalism, the workers must make it clear that the step is taken in defiance of them and that they will seek by every means to undo it.

While it is probable that in the majority of cases the State will rest content with leaving industry to the control of the present owners of capital, it is not unlikely that in some cases the economic pressure to which the State—with its huge burden of debt—will find itself subject after the War may induce it to embark upon profiteering on its own account, and add to the

services it already controls the nationalisation of one or more of the great industries. It is highly unlikely that such nationalisation will even approximate to a real socialisation. But though such nationalisation will not alter in any fundamental way the status of the worker, it may be made to serve as the "halfway house to producers' control." Nationalisation is certainly no end for which trade unionists should strive; they must be ready to criticise, combat, and drive out any external authority which claims autocracy over their working lives, whether that authority be private or public. But nationalisation may none the less carry with it certain consequences favourable to the development of National Guilds. It provides a unified management which is likely to prove valuable in calling forth a unified organisation of the workers in order to cope with it. Further, by replacing the personal control of the capitalist by an impersonal authority, it removes the danger of the "personal touch" of the "benevolent employer" creating a false loyalty strong enough to extinguish the true allegiance which the worker owes to his fellows and his cause. And, finally, the worker finding himself an employee in the nation's service may be expected to speculate in a manner he has not done before upon the status a national servant has a right and even a duty to demand.

The best policy for the State after the War, then, will be to nationalise each industry in turn as it becomes susceptible of nationalisation—as at least the half a dozen leading industries now are. In doing so it should approach every grade of the workers in the industry, from the managers to the unskilled labourers,

demand that they form a joint council to represent each one of their associations from the "highest" to the "lowest," and hold this council responsible for the proper carrying on of the industry at rates of pay jointly to be agreed upon. Any grade which deliberately refused such a demand, openly made, would thereby brand its members as social outlaws, and it is highly improbable, to say the least, that, in face of the public opinion raised against them and the danger of finding themselves permanently banished from their positions and their posts handed over to men of greater public spirit, any considerable number even of the managerial grades would refuse. Few men are really "indispensable," and, even if the defiance of a handful of social traitors among the governing class led to a temporary friction and dislocation, the inconvenience would be compensated for by the exposure of the criminals and the supplanting of them by the establishment of national service in industry. It is true that such a joint council would be far from being equivalent to a perfectly developed National Guild, but it would serve for the rudiments of one. Whereas the alternatives of Chartered Capitalism and State Absolutism in industry could serve to establish one thing only—slavery.

(2) *Individual*

REV. A. J. CARLYLE, M.A., D.Litt.

(Chaplain and Lecturer in Political Science and Economics, University College, Oxford)

(1) It is difficult, almost impossible indeed, to forecast the industrial situation after the War with any

confidence. There are some who entertain confident hope that the unity, the means of unity, which has been attained during the War will be maintained after it ; others again think that we shall simply return to the condition which preceded the War, to a conflict between Labour and Capital in which the economic interests of the nation as a whole will be as little consciously considered as they were before. The only judgment which we may reasonably form seems to be that there will be little or no progress unless we set ourselves deliberately to achieve it.

We have been united during the War, as far as we have been united, because for the time the divergent interests of individuals and of classes have been overshadowed by the common interest of the national duty, the national honour, and the national safety ; we have been conscious of a real unity which includes us all. How far there is any reasonable ground for hoping that this sense of the unity of national interest will continue when the circumstances which have produced it have passed away, it seems almost impossible to judge. I must therefore confine myself to some observations upon the second question, that is what appears to me the best policy to be pursued by : (a) Labour ; (b) Capital ; (c) the State.

(2) (a) It seems to me that in view of the complete uncertainty with regard to the industrial situation, the first task of Labour must be to safeguard its position by insisting upon the complete restoration of all the regulations and customs by means of which before the War the trade unions endeavoured to safeguard the standard rates of remuneration, and the standard conditions of industrial life. It would be madness

for the wage-earners to put their trust in the prevalence of mere benevolent sentiments on the part of employers, or the mere goodwill of the public at large. It may be hoped that these have grown during the War, but even if they have, it must surely by this time have become clear that the best intentions of the best employers and of the public are always liable to be frustrated by the blind or egoistic action of foolish and unscrupulous employers, and by the real or supposed pressure of economic forces. The wage-earner must, in the future as in the past, so long as the present industrial system continues, look primarily to the economic independence and power which they can achieve through their organisation to secure what they have attained, and to obtain better conditions.

In order, however, to make this position stronger it is imperative that they should do their utmost to increase the number of their members, and to improve the organisation of the trade unions, both individually, and in their relation to each other. The unions will be justified in taking the strongest economic measure to secure the solidarity of Labour within the union, and here they are confronted with new problems of the gravest kind. They must exert themselves to see that semi-skilled and unskilled labour is so organised that it may prove a strength and not a weakness to the labour world, and here there is a special responsibility upon the older and more powerful unions of highly skilled men. If they isolate themselves and attempt to stand alone, they may involve themselves in the greatest dangers, and especially in the lamentable danger of conflict between the various grades of labour.

This is perhaps even more urgent with regard to the

position of women in the labour world. It is a matter for grave consideration whether it would not be by far the wisest policy that women, who prove themselves capable of doing work which men have done in the past, should not be admitted in all cases into the men's unions.

But, apart from this question of the internal organisation of the several unions, it is clear that if the organisation of labour is to be made equal to the emergency, it must be consolidated; in many cases unions should be merged, in all cases the union dealing with various branches of an industry should be federated, and the whole trade union movement must be brought into some general system of federation, which shall secure some uniformity of policy and of action.

It is then, in my view, the first element of a sound policy for Labour that it should recover its previous position, and should set about a better and more complete organisation of the power of the trade unions.

In the second place, I venture to think that Labour should demand, and demand urgently, a direct share in the control of industry. The amount of control which the labourer may be able to obtain may be at first small, but it is really of the first importance that a beginning should be made, and that the wage-earner should establish his right to control the condition of his employment. I should hope, therefore, that Labour will accept the suggestions which are being made for the establishment of joint committees for the various trades, both national and local, and will insist upon the establishment of workshop committees representing the labourers as well as the employers in the individual

concerns. It seems to me absurd to say that such a measure of control is not worth having, and more absurd still to suggest that the wage-earner is not competent to exercise it. We have been in a considerable measure misled by discussion about methods of sharing in profits; that will or may come in time, but what is at present important is to make a beginning with the control of conditions. I think it may be useful to add that we should see that in those trades which will obviously remain more or less completely under national control after the War, as well as in those industries—like the Post Office—which are already national, these methods of common control should be introduced.

So much for industrial action, but I am convinced that Labour must also use its parliamentary power to secure a wider extension of the system of the legal minimum wage, not only for women's trades, but for many of the weaker men's trades. For, however much we may hope from the extension and consolidation of Trade Unionism, it is very improbable that it will be sufficiently wide or powerful to protect the whole labour world.

(b) I do not think that I have much to say about the best policy to be pursued by Capital, except that in its own interests it will be well that it should come to terms with Labour; and that this means not only that good wages and good conditions of life are the very foundations of efficiency in production, but that the employers should accept the claim of the wage-earner to a share in the control of the industrial process, that they should recognise, possibly, the principle of industrial self-government. The circumstances of the

War have, no doubt, made it clear that it is possible greatly to increase the efficiency of the productive process, by means of the extended use of improved machinery, and by the better direction of labour, but these improvements can only be wisely and safely carried out if they are made in consultation with Labour, and with due regard to the well-being of the labourers. Any attempt to carry out extensive changes without such consultation will only result in violent and embittered industrial conflicts.

(2) (c) The interest of the State is the well-being of all its members, and the policy of the State should therefore be directed in equal measure to the improvement of production, and to the improvement of the conditions under which labour is carried on. This is always true, but it will be in a very special sense true at the end of the War, when, unless the State is able to control the situation, there is a real danger that industrial war may break out on a scale immensely beyond all experience. I do not think that it will be any longer possible for the State, as a whole, to postpone the attempt to secure at least a reasonable minimum standard of wages and of conditions for all those labourers who are not able to secure these for themselves. It may be said that the State is at present controlled by Capital; this is not wholly true, and so far as it is, the best way to create a demand for democratic control is to set it to do the work which the democracy requires. It is to be hoped that the War may have brought to an end the absurd notion that the State can be neutral in industrial conflicts. It is the function of the State to see that these conflicts are determined in the sense of justice and wisdom.

MR. HILAIRE BELLOC

Of the questions you have asked me, I should answer with regard to No. 1 :

All prophecy is futile in human affairs. You can only talk of probabilities, and the probabilities are that compulsory labour will be rapidly advanced by the conditions following upon war, judging from the present mind both of the capitalist class and of the proletariat.

The nation (which you postulate as a third party) has no means of expression. If you mean the politicians, they are identical with the capitalist interest in this connection, and are its servant.

The particular method by which this probable end of compulsory labour will most likely be reached seems to me to be a continuation of the method already broadly and strongly founded in the Insurance Act, which has got the whole proletariat organised now in a definitely servile organisation ; certain necessities could probably be denied to proletarians exercising their freedom ; certain almost necessary advantages could certainly be denied to proletarians who exercised their freedom ; and I should imagine that great funds (upon which they would be dependent, and which would be only partially controlled by their officials) will be created to complete the machinery.

In time, of course, the compulsion would become such a matter of course that ordinary sanctions and ordinary police punishments would be introduced to support it, but that would not be until after it had become part of the ordinary mentality of all the people.

In reply to your second question, I happen personally to regret the drift of Europeans into servile labour, though I think it inevitable in certain industrial societies. That is a purely personal and now unusual point of view, and I do not usually put it forward when I am discussing this most important of all modern temporal questions. In my view, therefore, the "best" policy must mean the policy best-calculated to work against the stream of tendency; to reverse (if it be possible) the whole of the great industrial current. There is no method of doing that save the artificial recreation of property. For that object the best policy for Labour (that is, for the proletariat) is a combined negative and positive policy. The positive policy is individual, not corporate, and therefore, I suppose, out of the scope of this. It is the attempt of each by every means in his power to acquire property. The negative policy is to insist upon all the old rights of free men, which the proletariat possessed up to and until the Taff Vale decision; at the very least, all rights remaining to them when war broke out. To resist any scheme whatsoever, local or national, which makes for the "betterment of the conditions of labour," "co-operation between employer and employed," "industrial peace," etc., etc., unless such scheme excludes (a) executive or even advisory power in the hands of public officials, (b) contracts of any length, (c) funds of any kind not solely controlled by the proletariat themselves, (d) any form of arbitration or settlement in the hands of elected representatives, or of any authority whatsoever, save the *whole voting body of the proletariat section concerned*. Short of this, servile conditions (which I

already believe to be much the most probable solution) will be probably the upshot of the business.

You next ask me what Capital ought to do in this connection.

I see here no answer. Since it is Capital that is being attacked, what can poor Capital do except defend itself? What it *ought* to do, of course, according to my principle, is to help the attack against itself with zeal. I will leave it at that.

Lastly, you ask me what the State ought to do—that is, the politicians. Here, again, we are in the region of comic opera, because one cannot imagine the politicians doing anything to help the dispossessed. Why should they? But what they “ought” to do is obviously, according to my principle, to assist the growth of private property, and this can only be done by artificially offering to the beginnings of accumulation higher interest than the market rate, by over-taxing large accumulations and undertaxing small ones, by subsidising all exchanges which break up large accumulations and penalising all those which favour large accumulations, and so forth. But neither to the politicians nor the capitalists is there any possible practical policy open save compulsory labour. The only factor that could check its advent is the proletariat—and I think that they are already half inclined to accept it. It will be called “Industrial Reconstruction.”

MR. C. H. GRINLING

(Woolwich)

(1) The industrial situation after the War:—(a) Labour will be divided. But there will be a deeper

underlying unity. (b) Capital will be divided. The war of the trenches will have brought to birth a new insight into the life of Labour. There will be immense temptation to exploit the needs of the nation and the world. (c) The nation will be conscious, as never before in our history, of a common industrial goal. More serious efforts will be made to harness Labour and Capital alike to the service of the community. But extremes will be intensified.

(2) The best policy to be pursued :—(a) By Labour : Freedom and the unity which freedom alone can give. The passing on of the burden of responsibility to officials should give place to democracy and the common shouldering of the burden. So will come the power as well as the claim of Labour to control the essential conditions of its own industrial life. Wages and hours should take second place. The development and co-ordination of all the hidden powers of woman, child, and man should come more and more to the front as a fundamental aim. (b) By Capital : A true vision of the place of money in the world and its power over life for evil or good should be sought. Capital should place itself freely at the disposal of Labour in the interests of the State. Money should give place to Man. (c) By the State : The State should express the community life of the people from the point where the open democracy of individual and group life passes into representative government, owing to the pressure of numbers and the complexity of interests. Proportional Representation should be the basis of all phases of State organisation, and in industry regarded as essential.

PROFESSOR E. LIPSON
(Belfast University)

As to the industrial situation after the War, I hesitate to express an opinion. The War has been full of surprises; the economic situation not less so. Anticipations as to the collapse of credit, general bankruptcy, universal unemployment, the enemy's capacity for endurance, have all been falsified; and we have witnessed the amazing paradox that great masses of the population now enjoy a material prosperity far in excess of anything they have yet known. The difficulty of forecasting the future is complicated by the fact that the three outstanding factors which will govern the future industrial situation are at present unknown quantities:—(1) Whether or not the War will be followed by economic exhaustion and protracted trade depression; (2) what percentage of men now in the Army will remain with the colours or seek employment on the land, thus affording an outlet for any possible superfluity of labour; (3) the extent to which our commercial policy will be dictated by purely political considerations arising out of the present conflict with Germany and subsequent imperial developments. With the future wrapped in obscurity, it is difficult to frame an adequate conception of the policy which should be pursued after the War. But, with all reservations, the following suggestions may be hazarded:

(1) *Labour*.—Trade unionism is the sheet-anchor of the Labour world, and the most vital problem which confronts Labour is the future position of trade union-

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and. It is more important even than the accommodation of wages to the new level of prices for economic freedom and the long run a more precious asset than economic prosperity. The trade unions have made a sacrifice of these rules and restrictions which have served as Labour's bulwark against capitalistic encroachment, but, instead of diminishing the complete restoration of pre-war conditions they would do well to endeavor to recast those conditions. To fight against female labour, for example, will be as futile as the struggle, a century ago, against the introduction of machinery. On the other hand, there must be equal pay *not for the same job*: the men have the right to be protected against the unfair competition of lower-paid work, which would drag down the whole standard of living for men and women alike. Again, the system of "ca' canny"—do as little as you can—is the outgrowth of long and bitter experience; it is the weapon to which the workers instinctively have recourse to prevent any reduction in their rates of remuneration. But it ought not to be impossible to devise adequate guarantees by which Labour may exert its full capacity without fear of exploitation.

(2) *Capital*.—If Capital seizes the opportunity afforded by the present dislocation of the industrial system to embark on a vigorous campaign against trade unionism on the pretext of stimulating production, the result will be disastrous. To engage in a conflict with Labour at a time when all the energies of the nation should be devoted to repairing the ravages of the war would be fatal in every conceivable way. In order to establish better relations between Capital

and Labour, the demand of the workers for a more equitable share in the wealth which they help to produce should be honestly and fairly met. It is a commonplace of economics that low wages are dear wages, that insufficiency of the necessities and comforts of life impairs industrial efficiency, that higher wages stimulate production, since they are expended primarily in food, clothing, and other necessities. From every standpoint, therefore, it is in the employers' interests to effect a better distribution of wealth, and only in this way can they avoid the enormous waste caused by strikes. Friction in the workshop will also be reduced to a minimum by the institution of workshop committees empowered to lay their grievances before the proper authorities; this would serve as a safeguard against the oppression of foremen and managers.

(3) *The State*.—To-day we are in the throes of a great experiment in State Socialism. For good or evil—and the precedents now being created partake of both characters—the State has discarded many of its *laissez-faire* traditions, and has sought to focus the economic activities of the nation in such a way as to bring the production of war material up to the highest possible point. After the War the State ought boldly to intervene in the solution of economic problems. A policy of drift would be fatal, for both Capital and Labour, if left to themselves, will be manœuvred into false positions; a policy of half-measures would be scarcely less injurious, for it is the fate of half-measures to antagonise all parties. Let the State become a third—and the predominant—partner in all negotiations between Labour and Capital ;

let it take the initiative without waiting until the chances of amicable settlement are hopelessly compromised. If the nation is not to be plunged in industrial strife after the War, the State must be ready to take prompt and decisive action.

PROFESSOR T. A. SMIDDY

(Professor of Economics and Dean of the Faculty of Commerce, University College, Cork)

Reviewing briefly the tendencies of Labour before the War, we see, in addition to the demands for better wages, other motives actuating the industrial unrest among the workers. And this unrest was not confined to the United Kingdom, but assumed very serious aspects in New Zealand in 1913, where a sympathetic strike on the part of the United Federation of Labour assumed such dimensions as to be on the verge of involving the Commonwealth of Australia, were it not for the manner in which the Australian Labour leaders held in the more impetuous classes of workers. For a month and a half in 1912, almost the whole coal-mining industry of Great Britain was at a standstill, owing to a strike of miners involving about 1,000,000 workpeople. This strike led to the Coal Mines Minimum Wage Act of 1912. In that year there were in Great Britain 857 strikes. In Dublin we had the famous strike of 1913, and a strike of miners in Yorkshire involving 150,000 workers. The builders' strike in 1914, when the National Federation of Building Trades Employers of Great Britain and Ireland would have locked out all their employees on August 15th, 1914—600,000—were it not for the advent of the War.

The most significant strike of all was the coal strike in South Wales on July 15th, 1915, when the miners challenged the penal and coercive measures of the Munitions Act, and succeeded in having their essential demands conceded. It was a practical protest against the conscription of Labour. They also succeeded in having the non-unionists excluded from the benefits of the strike. Yet this latter gain was an isolated event; but it shows what organised Labour might have achieved to its permanent advantage, and the chance it got of becoming a partner in industry with the State. Personally, I do not think, if this were realised, that Labour or the nation would benefit by it, because Labour is not yet sufficiently trained and educated to assume such responsibilities.

However, the spread of education and increased knowledge among some sections of the workers brought within their horizon increased possibilities of comfort, leisure, and power. Some of the younger workers, with knowledge based upon an insufficient grasp of first principles, worked on the emotions of those (especially in the Welsh coal districts) who were surrounded with sordid conditions of living which gave no scope to the development of the spiritual, æsthetical, and moral aspects of their nature. The attitude of the demobilised soldiers towards their former conditions of work (animated as they will be by the martial spirit that sustained them in war) will be altered, and they will demand as a compensation for the sacrifices they made for international liberty a bigger liberty in the moulding of their own career and a larger share in the industrial prosperity they will help to achieve. These are not the only claims on

an increased share of the nation's production. We shall have, also, the claims of an increased number of women and unskilled and semi-unskilled workers for a continuance of the prosperity war conditions gave them. The industrial demobilisation of a large percentage of 1,900,000 stop-gaps and emergency workers will diminish the bargaining power of trade unions. When the time comes for the displacement of the unskilled workers and women, they may throw in their lot with the employers for the sake of retaining their posts; and they will be gladly used by the employers as a lever against the demands of the demobilised soldier-workers and trade unionists for the purpose of bringing down wages and increasing the autocracy of the capitalist.

Labour's discontent will be intensified by the inability of the State to realise literally its promise to restore the pre-war conditions of industry. Pensions and allowances may be used by employers to reduce wages. These grounds of Labour discontent will lead to many strikes, but of a local and craft character. Many trade unionists will then have borne in upon them the fact that they must take a more unselfish and broader view of trade-union functions; interest themselves more in the needs of the unskilled and badly organised workers; and henceforth endeavour to promote occupational and industrial unionism.

Modern industrial organisation and scientific management have broken down the barriers between many skilled and unskilled trades, thereby taking the monopoly away from skilled and organised workers. Again, many lose sight of the fact that Labour is not a homogeneous mass, and that sectional oppositions

of many groups of workers are a disintegrating force against Labour combination as a whole. So it seems that immediately after the War the real wages of the workers will fall, if the capitalists avail themselves of the obstacles to Labour organisation and of the antipathies that will arise among the workers themselves. And if one can give a forecast of social happenings, one might assert that these sectional differences and antipathies will be greater immediately after the War than they have ever been during the history of capitalism.

Capitalists have increased their power over the workers during the War in all industries occupied in war work, and are secured against labour trouble by various Parliamentary Acts. They have a free hand to increase output; they have adopted automatic machinery, team work, standardised methods of production, employment of unskilled workers, men, women, and boys, on skilled processes. Hundreds of millions of the most up-to-date pieces of machinery have been introduced; payment by piece-work, bonus systems have been extended. Output per head as the result of this process has been doubled. The workers have not spared their energies, and have sunk self-interest to meet efficaciously the dire necessities of war. Floating capital has been decreased, and will be scarce after the War; and those in possession thereof will reap large advantages. Certain sections of the community who have benefited by Army and Navy work and increased freights will be in this happy position. Even the excess profits tax failed to prevent amassing wealth. Witness the alleged investment by them of £500,000,000 in Treasury Bills.

The capitalist employers will resist returning to pre-war methods of industrial structure, realising the far greater productivity of the new methods. A reference to the recent reports of the London Chamber of Commerce will convince one on this point. They also have felt the satisfaction of being masters of their own works, and "sweet reasonableness" will not induce many to modify the autocracy which this begets. Very many large scale employers have recently expressed their intention to take steps to maintain this increased productive capacity after the War, and to promote at the same time the interests of the workers. They hope to find employment for demobilised soldier-workers and for stop-gaps, women and children, by double and treble shifts; to increase wages through profit-sharing or gain-sharing; to secure harmony for Capital and Labour by giving the workers a control over the conditions under which they work, and by the promotion of joint committees for the purpose of devising and administering workshop policies and adjusting wages. It seems difficult, however, to prophesy how capitalists as a body of recipients of income will fare after the War, as their position will largely depend on the result of the War and on the terms of peace settlement. Much also depends on the fiscal policy adopted; on the fact whether protection will be given to agriculture or not, and on what form it will take.

The State will be slow to abandon its policy towards increased bureaucracy. It will endeavour to extend the principles at work in the National Health Insurance Act, Labour Exchange Act, etc. It will increase its paternal attitude towards the worker at the cost of his

freedom. This will be facilitated by the unemployment benefits given to the demobilised soldiers and by the actual tendency towards conscription of Labour. The establishment of 400 Labour Exchanges promised by Mr. Hodge is a further earnest of a feudal attitude.

It will be impossible for the State to restore pre-war labour conditions of trade unionism. It will be necessary to maintain the present efficient industrial structure brought about by war conditions, in order that the United Kingdom may compete successfully with America and Central Europe, which will adopt the most efficient industrial and commercial methods. The State control of industries of public utility will continue; experience in shipping and railways seems to justify a continuance of this policy. On the other hand, the State should own and control all "key" industries, especially those requiring protection for their growth. The State must devise and put into execution without delay the machinery that will secure for trade unionists and demobilised soldiers the welfare and security against lowering the standard rates of pay, against unemployment and a deterioration of their standard of life, to maintain which their trade union practices and rules were formulated. The Trade Boards Act must be extended and minimum wages adopted. The action of the State will largely depend on the Government in power; hence the workers must realise the important issues of the next general election, which will be determined to some extent by the comparative strength of organised and unorganised workers. The latter class may help into power State-protected capitalism, and thus bring about the final and enduring break up of all that

organised Labour fought for during the last sixty years.

Though the prospects of Labour immediately after the War are not too bright, yet the workers must proceed at once to learn their lesson and to devise means for permanently improving their condition. The trade unions should federate into large unions, each one embracing all the workers in each industry, and render all unions blackleg-proof by organising also unskilled Labour. It ought now to have learned the lesson that skilled organised Labour can no longer monopolise its craft. These national unions should settle the main lines of policy to be applied and worked by the local unions. The national unions should federate and form themselves into a National Labour Council, which would settle sectional disputes among trade unions and represent the interests of Labour in general in its relation to the State or to Capital. The workers should aim more at industrial partnership than at advances in wages. Industrial partnership logically entails some control of, and responsibility for, the management of the works; and, in the case of large firms, the workers should be represented on the boards of directors. In all cases the workers' representatives should be appointed, not by any external authority, but by the workers of the firm concerned. A proportion of the profits should be paid to the workers through the respective trade unions. This distribution of profits through the unions might take various forms; a lump sum at the end of each year, or by a deferred participation in some provident fund or annuity, or by a combination of such forms. If the individual's share in the profits were paid directly to him, it might tend to alienate him from his trade

union and break up its solidarity. Special facilities should be also offered to trade unions to invest their funds in the respective industries. As unemployment is "a necessary process in capitalism," capitalists should be made to maintain their workers during the period of unemployment. This could be done by a contribution from the employers to trade union funds, out of which the unemployed workers should be paid. If that policy had been adopted instead of the present policy as set forth in the National Health Insurance Act, the capitalists would soon devise some means of putting a stop to unemployment. Finally, Labour should induce into its unions the brain-workers as well as the manual workers, and not only the automatic brain-workers, but those who are more important from the view-point of education, the worker, the responsible brain-worker. The worker must make himself and his children fit to bear these responsibilities, and he can only do so by educating himself and his family intellectually and morally and religiously. He can get intellectual education through the means of continuation schools and Workers' Educational Association, and keep his children at school until the age of sixteen. Moral education he can promote by loyalty to his trade union and fellow-men, and his religious education by adherence to tenets of his Church and the observance in life of its Commandments. Intellectual education, though it is a condition precedent to the workers' betterment, yet without religion and morality it will bring no contentment.

Capitalists should do all in their power to allay the suspicious feelings of the workers towards them by recognising the futility of opposing the just and humane

claims of the workers, and by recognising their human personality. They should also co-operate with the State in giving the workers an economic constitution and frankly recognise their unions. It is too much to hope for from the average capitalist that he will yield to Labour all the above-mentioned concessions; but if he does so, all reasons will be withdrawn from the workers for restricting production and for hostility to the adoption of team-work, standardisation, long runs of repetition work, etc. The nation as a commercial entity would increase in prosperity, and compete successfully in neutral markets.

Capitalists ought to use their federations for purposes of greater business efficiency. Individual firms must federate, especially to export on terms comparable to their foreign competitors. Only by such combination can they bear easily the cost of pushing their goods in foreign markets by men having technical and linguistic knowledge; they will also avoid competition among themselves, and reap some of the advantages of large-scale production and distribution. The days for individual firms to push foreign trade are at an end.

Employers must imitate those of America and Germany in encouraging higher education for those about to hold responsible positions in their businesses. The small numbers of students pursuing the admirable courses of studies in the Faculties of Commerce in British Universities is a standing reproach to the enterprise and intelligence of the British employer. While the Faculties of Commerce of the Universities in Great Britain and Ireland had, the year preceding the outbreak of war, not more than 200 students, four German

Universities of Commerce had between them over 3,000 students of the average age of 23, each pursuing a full course of studies. If England intends to compete in foreign markets with Central Europe, she must see that the future business leaders are men of high educational attainments. This education being of a liberal character, will develop in the future employer a social conscience, and help him to realise still higher ideals in life than personal monetary gains; it will tend to promote the partnership between Capital and Labour, and realise that co-operation of industrial Parliaments of Capital and Labour, which will be the next stage in industrial evolution after the temporary reverse Labour is likely to meet with immediately after the War.

The State must play a large part in directing such an evolution, and must enter as a controlling factor into any such partnership in the interests of the community.

(c) SOCIAL

DR. M. D. EDER

It is, of course, the necessary and legitimate task of everyone interested in this country, to speculate upon the probable trend of affairs in the next years. But speculations are based upon our reading of past history, our estimate of present-day affairs, coloured by the varying factor of personal temperament, of our hopes and likes, our fears and dislikes. You ask for my opinion. I give you not what I would like to happen, but what I fear is likely to happen.

The Industrial Situation

It will be more so after the War. That is to say, as regards :

(1) (a) Labour. We shall shelve rather precipitately into the Servile State—into what the socialists of my day called wage slavery. Labour will receive oats and a warm stall, that is, security in exchange for the surrender of freedom, the power to strike. The surrender will be called nice names—compulsory arbitration, good relations between employer and employed, technical education, continuation schools, maternity schemes, dinners for pregnant mothers, day nurseries, crèches, and so on. There will be more factory inspectors, many of whom will be trade unionists ; there will be joint boards (by law) to regulate wages, and further insurance against unemployment ; more men and women will have votes. (Are not Lord Salisbury and Sir E. Carson already concerned about the voteless munition worker and soldier ?) In short, to Labour will be given the symbols of power, whilst the real thing, economic freedom, which is the basis, though not the whole, of freedom, will be denied.

(1) (b) Capital will become concentrated in a few powerful hands, the profiteers or financiers, who will have the real control of economic and political power.

(1) (c) The nation will travel from wage slavery to slavery, and will be without power of initiative apart from the dominant financial class. This country, such as it has grown to be during 2,000 years, will be destroyed in the next war which will take place in the not remote future.

Britain will repeat the history of Peru under the Incas who governed the country, securing moderate well-being and security for the people, who were left in servile security. The people, once deprived of their Inca governors by the Spaniards, had no power of organisation.

The Best Policy to be Pursued

(2) (a) By Labour is to prevent this repetition of history. A unique opportunity presents itself. It is for Labour to put forth all its energy to destroy Germany, the source of the bureaucratic system which we have been imitating for the past decade, to destroy Germany in a military political sense as Poland was destroyed. This does not mean the extermination of everything German, nor does it mean that Prussia will never be resuscitated. It means to deliver a blow that will paralyse Prussia for a generation. Having defeated Germany, Labour—which means the Army—should turn round and utterly exterminate the profiteers of Britain. This is the unique opportunity. Never before have there been hundreds of thousands of Britons and Britons' descendants—Australians, New Zealanders, Canadians—trained to work co-operatively, disciplined, and understanding the need of discipline. If the Army, which is in essence the whole young and energetic Labour population of Britain and her Colonies, does grasp that, Germany crushed, it can use its power to crush the British profiteers, it will be an irresistible force.

(2) (b) Capital seems to be doing remarkably well with its present policy. I should like it better were it

content with milking the nation dry without also claiming that this is a highly patriotic action. I should like the firm of Sir Something Jackson, Ltd., better were it satisfied with its profits on hut construction without having a commission which is to tell us that this was in the highest interests of the nation—but this is a mere matter of personal taste. I can imagine capitalists, wholly patriotic, who would, at least in a war, restore their capital to the nation and place their intelligence at the service of the State.

(2) (c) But the best policy for the State is to take no heed of my imaginary capitalists, but to eliminate capitalists, and use their capital by leaving it to the industrial and technical and professional guilds. (*See "National Guilds."*) The capitalists to be brought into the various guilds where their services can be best used. Whilst Capital is confiscated, private property should remain. The difference is capable of sensible and legal definition. The State should directly concern itself with very little—defence, foreign relations, political rights, the rights of the individual (*e.g.*, against the guilds), general education.

The State would thus abolish capitalists and wage slaves ; it would increase Capital and Labour.

Pessimistic as I am as to the future, it might seem worth while that Labour should endeavour to sell the pass as dearly as possible, getting in return for the liberty it is about to surrender as much beef and beer as possible. That side of the problem does not interest me. No doubt by a little political chicanery a bit more might be squeezed out of Capital, but, if freedom goes, does the rest matter overmuch ?

MR. J. ST. GEORGE HEATH

(Warden of Toynbee Hall)

(1) (a) (b) I do not think that the industrial situation, as far as Labour and Capital are concerned, will be altered very much merely as a result of the War. Labour is observing an honourable armistice, but the conditions which lead to industrial strife remain, as far as I can see, quite unaltered, except that there will be some further grave difficulties, such as the introduction of women's labour during the War.

(2) (a) *Labour*.—It is of the utmost importance that Labour should organise itself as much as it possibly can. Experience both in connection with engineering and with the South Wales coalfields, has shown that the next step for Labour to take is to be able to control, much more than it has done in the past, conditions of production, questions of discipline within the works, and questions of overtime, as well as those dealing with remuneration.

(2) (b) *Capital*.—This is harder to answer. There are some captains of industry who have realised that they are able to do much better work when they are not embarrassed with questions of profit. What one needs most is a campaign to bring home to business men that the organising of a large industry is far more full of interest than the making of private profit. In the future the State might well claim to control the profits of an industry, while leaving to individuals the task of organising individual businesses and getting the enjoyment that comes from such work.

MR. G. BERNARD SHAW

It really is not possible to reply to such huge questions briefly. It would take another "Wealth of Nations" to make even a beginning.

(1) (a) (b) (c) Chaos as usual.

(2) (a) Socialism.

(b) Socialism.

(c) Socialism.

(d) FINANCIAL.

MR. EMIL DAVIES

(Financial Editor, *New Statesman*; Chairman, Railway Nationalisation Society)

In my opinion, after the War Labour will be more at the mercy of the employing class than at any period since the establishment of trade unions, owing to the (1) dilution of labour, which has gone too far to be eliminated; (2) lack of organising ability on the part of our office-holding class; (3) hostile feeling of the average employer towards his workers.

Capital will have the time of its life, until something breaks. To avoid taxation, many businesses and companies will be transferred—in some industries, are already being transferred—to the United States, the Colonies, and other countries.

The nation as a single commercial entity will be in a better position than most other belligerents, but will have lost its financial supremacy, and to some extent its industrial position, to the United States, Japan, and other countries.

The Best Policy to be Pursued

Labour. Tighten up organisation. Unions should

combine on an industrial basis (retaining craft sections where desirable), and should place their destinies in the hands of the "triple alliance" of mining, railway and transport workers, provision for the enlargement of which already exists. Labour should support its few able and active leaders (and discover more, if possible), and should "bluff" more than it has in the past, for in their hearts the employing classes are uneasy as to the attitude of Labour. It would require only a short fight to obtain a real share in the control of industry.

Capital, if it desires to regard merely its own selfish interests, need do nothing more than go on voting Conservatives or Liberals into Parliament. Taking the long view, however, it should endeavour to ascertain the causes of Labour discontent, encourage the growth of trade unionism, and arrange with the trade unions for the formation of joint boards of control in every industry, besides supporting the following measures.

The State should institute a minimum wage in every industry, together with a comprehensive scheme of unemployment insurance with full pay, subject to necessary safeguards against shirkers, combined with a scheme of technical education for adults, as well as the young. Services necessary to all trades, *e.g.*, railways, trams, shipping, light, heat, and power, should be nationalised, organised, and operated with a view to giving the community the best possible service, and not with a view to making a profit, and should be managed by boards composed as to one half of representatives of agriculture, commerce, and industry, and as to the remaining half, representatives of organised labour.

The State should keep and transform the munitions

works it has constructed, and should retain the interest it now has in thousands of industrial establishments, but, pending the education and development of a competent class of official, should entrust their administration to a company or companies on a profit-sharing basis, with joint management, as indicated above, the concessions to lapse after a certain period.

By this means a new class of State official, with some practical knowledge of trade and industry, would be created. Our land and other laws should be altered in the most drastic fashion, thumping taxation should be put upon the rich, and a thousand other things should be done which it is quite impossible to express in a few lines ; but, for good or for evil, a certain amount of " State Socialism " has now been forced upon us.

MR. RAYMOND RADCLYFFE

(Financial Editor, *New Witness*)

You ask me for a prophecy. As a prophet I can only preach woe. I cannot see any end to the present War. We may get one or two spasms of peace, but it seems to me that the half-century of fatuous luxury through which the world has passed must be followed by an equally long period of misery. Action and reaction are equal and opposite. Every year that we go on fighting brings us nearer to despotism. Asquith has been succeeded by Lloyd George, who will in his place give way to someone still more determined to rule relentlessly. We shall go on changing politicians until we get the right man. It may take us years. We may find him before the end of the autumn. The destruction of Germany will become an obsession, and the man who can convince the nation that he is

capable of victory will find nobles, capitalists, and workmen only too anxious to obey.

Long before the War ends, Labour will have become perfectly used to slavery. Long before the War ends, all capital will have been commandeered. No one will grumble, because all will want to win the War, and all will gladly accept any measure, however harsh, which can help towards that end. We are just beginning to see this. In another year of war, patriotism will be flaming throughout the land. It is smouldering in the breasts of many people to-day, as witness the enormous success of the recent War Loan. But it is not fully alight. There are tens of thousands of people who still think of making money. There are hundreds of thousands who do not want either to work for the State or fight for it. Until all these are burnt up in the fire of patriotism, we shall have not really begun the War. At present we are only playing at it. When the nation as a single entity lives, works, sleeps, and dreams, with only one idea in its head—how to destroy Germany—then real war will have begun. The flame of patriotism will burn up all labour combinations, destroy all capital, and turn us into sound, healthy savages.

No doubt, peace will come some time. Thank God, I shall not be alive to see it! What a miserable business it will be! No one will have any money, and, even if they had, they would not know what to spend it on, for the desire for pleasure will have given place to a desire to quarrel. I foresee riots innumerable. Everyone will be starving, and those who have a little money will be robbing those whom they think have more. All great wars have been followed by intense privation. We are continually told that this is the

greatest struggle that the world has ever seen. It does not appear to me to differ very much from any other big war. No ; I am wrong. I cannot find any war in history which has lasted two years and a half without producing a really capable man. Mediocrity now reigns supreme. One stupidity succeeds another. When we make a blunder, we may confidently rely upon the Germans capping it with another. At the risk of being called an optimist, I am confident that sooner or later one or two big men will emerge from the welter and take command. Then we shall begin to fight in real earnest. To-day we are only fighting as they fought in the times of Louis XIV.

You ask what I consider is the best policy to be pursued by Labour, Capital, and the State. There is only one possible policy. That is for all of us to combine together, to sacrifice everything we have got—our lives, our comfort, our money. When we have made the supreme surrender, then we may dream of victory. But the English is a slow-moving race. It will take some years before it realises what the War requires of it. How many years it will take to beat Germany depends entirely upon whether the German race rises to the occasion. If it makes as many sacrifices as we do, peace may come in twenty years.

It seems to me merely futile to discuss the position of banking and credit whilst a great war is on. The banker is merely a conduit pipe through which money flows. His bank is only a reservoir. It is the business of the State to see that the flow of credit is continuous and that the pipes do not leak. We shall have to create a money dictator, whose business it will be to inspect the pipes and stop leakage.

MR. JOHN ZORN

In attempting to reply to the questions propounded, I venture in the case of No. 1 to alter the order of the sub-clauses, and to hazard first an opinion as to the industrial situation of “(c) The nation as a single commercial entity” after the War before considering the conditions likely then to obtain as regards “(a) Labour,” “(b) Capital.”

The War will be found to have brought with it gains as well as losses. Let us try to tabulate some of both.

Gains

Practical education of workers in many industries; more especially development of woman labour.

Redistribution of capital on a wider basis, tending to its more capable control.

Better feeling between classes.

Freer accord of credit by banks.

The wealth-creating power of a community is dependent on :

- (a) Its total of workers and their quality.
- (b) Its material possessions, more especially tools.
- (c) The organisation of (a) and (b).

When the War is over, the total of workers educated

Losses

Destruction of material.
Loss of valuable lives.
Incapacitating of large numbers of valuable citizens.

Increase of indebtedness, involving increase of taxation of cost of living.

to work will be found to have enormously increased. So, also, will our total of tools (the term includes machinery and factories).

Therefore, given effective organisation, the country's annual outturn of wealth should be largely increased.

The chief factor in extracting from workers and tools masses of useful products for consumption by the community or exchange for other products produced by other countries is the accordance of credit to the fullest extent to those capable of utilising it wisely and honestly.

One of the functions of banks is to regulate individual credit. For example, Farmer Brown is at the end of his monetary resources. He possesses the lease of a farm, the tools to cultivate it, the skill to direct cultivation.

The reasonable supposition is that, if his land be cultivated, the harvest will repay the effort expended in cultivation, and leave a handsome surplus of products. In this belief, Brown seeks from Turnpenny the banker, a loan wherewith he can purchase manure and seeds and pay labour till harvest-time. Turnpenny, convinced of Brown's integrity and ability and of the quality of his land, advances the money. Whether Turnpenny advances the money out of his own surplus funds, or borrows from Jack, Tom, and Harry, who trust him as he in turn trusts Brown, does not affect the aspect of the subject we are discussing at the moment. Brown obtains credit from Turnpenny on the basis of his (Brown's) personal integrity and in the belief of both men that God's law of seedtime and harvest will not fail. So long as the credit does not exceed the value of, say, 50 to 75 per

cent. of the worst harvest on record (barring absolute catastrophe), the embarking of Brown, Turnpenny, Jack, Tom, and Harry in this venture with Nature is reasonable, commendable, and justifiable from the national standpoint. Unless the necessary credit be forthcoming, the presumptive result to the nation will be :

- (1) The land will stand idle.
- (2) Brown will stand idle.
- (3) His labourers will stand idle.

This idleness will entail a far greater loss to the nation than that likely to ensue from a bad harvest.

The accordance of credit, then, to the right people is a vital need of the country, and, if unobtainable through private banks, credit should be accorded by the Government.

The conversion of the increased masses of labour and increased masses of tools, confronting us at the end of the War, into increased masses of products, involves, therefore, the creation of increased masses of credit.

Therefore, the position of England as a commercial entity after the War will presumably be dependent on the skill with which the question of credit is handled by banks and the Government.

The industrial situation of Labour after the War should, on the whole, be improved.

One effect of military discipline should be to give the workers greater cohesion. With all its drawbacks, military discipline engenders a habit of self-control, a quality in which the working classes have been inferior to the upper classes, and which defect has lost them many a struggle.

The policy of the trade unions should be to open their ranks freely to the skilled or semi-skilled men who have learnt their trade other than by the orthodox means of "serving their time." The unions should aim at securing a monopoly of labour within their trade, so as to destroy the danger of competition from skilled or semi-skilled blackleg labour outside the unions. If the policy outlined be boldly and intelligently followed, Labour should have the advantage over Capital in case of disputes.

(c) The replacement of material possessions destroyed by the War, and the development of industry possible from the masses of labour and masses of tools alluded to earlier, should allow of the profitable employment of capital—which is frequently another development of credit.

But much will depend on Government action. Capital tends to flow where the return will be largest to the capitalist, not to the nation. During the War, the nation has restricted the outflow of capital, and the nation has benefited accordingly. The truth that the tariff reformers hold (though mingled with much more of error) is this, that the greatest return to the capitalist is not necessarily the greatest return to the nation. The return on capital is both direct and indirect. Let capital return directly 5 per cent. to the capitalist, plus 3 per cent. more indirectly to the nation (in all, 8 per cent. to the nation). If, by investment abroad, capital return directly 6 per cent. to the capitalist, and indirectly 1 per cent. to the country, the direct gain to the capitalist of 1 per cent., which leads to his investing abroad instead of at home, involves a direct loss to the country of 2 per cent.

This theory carries a corollary. If the capitalist be compelled by special legislation to keep capital at home at 5 per cent. when he could invest abroad at 6, then the Government is robbing the capitalist of 1 per cent. for the benefit of the community. On the other hand, if the capitalist under a tariff, or through other special legislation, is allowed to reap 7 per cent. at home, when he could only get 6 per cent. abroad, then the Government is robbing the community of 1 per cent. for the benefit of the capitalist.

The future of capital will largely depend upon the action of Government—the continuance of existing restrictions and the nature of future regulations.

The demand for capital should be keen, and rates high.

I find I have, without deliberate intention, incidentally answered question No. 2, as to the best policy for Labour. The policy of the State should be :

(1) The wise furtherance of credit, either through the banks or through special local associations.

(2) Insistence on the capital accounts of joint stock enterprises being adjusted on sound and scientific lines, showing the real earnings of capital ; and

(3) In any attempts made to regulate commerce, to follow the policy of ruling *through* trade associations and trade unions, whose executives should be freely elected by the members of both, with provision for the periodical introduction of fresh blood to prevent fossilisation.

There is at all times and under all circumstances only one policy for capital and capitalists. It is, "Look out for No. 1." In so far as they depart from this principle (which, be it said to their credit as citizens,

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they often do), they are bad capitalists, though good citizens.

The policy of a capitalist is—other things equal—to employ his capital so as to yield him the biggest return.

The manner in which he may employ his capital is not his affair, but that of the State.

(c) STATISTICAL

PROFESSOR A. L. BOWLEY, Sc.D., F.S.S., F.E.S.
(London University)

(1) (a) It is not improbable that employment will in general be good, but real wages are likely to be lower than before the War.

(1) (b) The owners of capital goods will be in an advantageous position.

(1) (c) I do not think that the nation is a single entity commercially. It will be easy for merchants to sell goods to other countries, owing to the debt to (or diminished credit with) the United States.

(2) (a) The immediate interests of different classes of labour are so distinct—*i.e.*, those of men and women, skilled and unskilled, miners and others—that one should not speak of the interests of Labour as a whole. Possibly the question means, "What policy of Labour would best serve the citizens of the State as a whole?" In that case I think that the answer is, that policy which maximises production without detriment to the well-being of the worker; but it is doubtful whether or not production and well-being are antagonistic.

(2) (b) I have no answer to the question, partly

because "capital" is not a homogeneous total, and partly because the interests of the owners of capital may easily be antagonistic to those of other members of the community.

More generally there is no doubt that a more sympathetic understanding between employers and employed would be an advantage without alloy, but there are few signs that the former will easily enter into any kind of partnership with the latter. Nothing arising out of the War has allayed reciprocal suspicion.

(2) (c) The State should demobilise as soon as possible those numerous and not very efficient bodies of super-business men and girl-clerks who are now directing or hindering the activities of private traders, and the Government should go out of business. But the experience obtained in relation to the control of railways, shipping, and mines should be carefully examined, and possibly the control in these cases should be continued or extended.

On the other hand, the collection and publication of information should be greatly extended and improved, and among other reforms a central intelligence bureau, directing the collection of statistical data, and publishing this and other information in a critical and intelligent way, is urgently needed.

MR. F. W. HIRST

(Editor, *Common Sense*)

In my opinion, the more the clerks and officials of the Government departments interfere with trade and business, the worse it will be for the taxpayer and the consumer, the employer and the hungry multitudes

who, after the War, will be seeking employment. The State, unfortunately, has great power for evil, and very little for good.

(f) AGRICULTURAL

MR. STANLEY M. BLIGH (BRECON)

My experience only qualifies me to reply to your inquiries as far as rural conditions, mainly farming and vegetable growing, are concerned, and is mostly confined to this locality. With these qualifications I reply :

(1) (a) The average farmer seems to be of opinion that agricultural labour, once taken into the Army, will be "ruined"—that is, will tend to find the old conditions of farm service intolerable. In my view, if labour is to be drawn back to agriculture after the War, something of the following conditions will be needed :

(1) Shorter hours for all, except shepherds, cattlemen, and horsemen, who must of necessity work rather long hours.

(2) A higher scale of wages for shepherds, cattlemen, and horsemen. This should preferably be paid on some premium-bonus system.

(3) Larger opportunities for learning the business side of farming, with a view to taking small holdings on their own account.

(4) Gradation from whole-time work for an employer to part-time work for an employer, with part time on a holding of their own.

(5) In all cases some land cultivated by em-

ployer, but planted by the workman with produce for his own use.

(6) Generally. An opportunity for the agricultural labourer to change his status gradually into that of a smallholder as he grows older and more experienced.

(1) (b) *Capital*.—(1) Owing to the profits of the last few years, the farming industry has a larger capital than it has had for a generation. Most of this will probably continue in the industry.

(2) As regards the influx of further capital from outside, this will depend upon the probabilities with regard to prices keeping up.

(3) For some little time after the conclusion of the War it is likely prices will keep up, and labour may also be obtainable. It would thus for a time be commercially profitable to reclaim land which has gone out of cultivation. When reclaimed, it would be able to be worked without loss during the harder times which must eventually result from the great destruction of capital due to the War.

(1) (c) *The Nation*.—The nation as a whole is becoming more alive to the importance of a progressive and prosperous agriculture, but the degree of information on this point amongst the urban electorate is so imperfect that there is always a danger that showy but unsound policies may be undertaken.

(2) (a) *Labour*.—Agricultural labourers should concentrate their efforts upon altering their status into a partly land-holding, partly land-owning class. In other words, they should make it their aim that the normal life of a man should be to work for the best possible grade of farmer to the age of 30 or 35, thus

getting the widest experience, and after that age should ordinarily be to take a holding of his own, small at first, but gradually enlarging as capital and experience increased. The difficulty is that, so far, few labourers have studied the technicalities of how this can most easily be done. For success, very close study is needed.

(2) (b) *Capital*.—For the time being, whilst prices are at their present level, the application of capital to land, particularly unreclaimed land, gives very good profits. A great deal of money could be made in this way, with enormous advantage to the country at large, by any one who had studied the subject. It is, however, a kind of business which proves a trap for the unwary or inexperienced. The chief danger is that an insufficient sinking fund may be retained for the writing down of original capital outlay. The right way to do the business is to take unreclaimed land having a nominal value, to pay off out of profits all capital outlay till it is completely written off and the land is thoroughly reclaimed. The further returns can then legitimately be treated as interest, subject to the necessity of keeping up fertility. The objection to this is that the return on the capital is deferred for some time. In my experience, however, the ultimate profits should justify this course. Reclamation will only be commercially possible as long as prices keep up.

(2) (c) *The State*.—State ownership of land seems to me to have no advantages. There is little, if any, evidence that State-owned land is, on the whole, more productive than privately owned land.

The ideal to aim at is clearly the maximum of productivity coupled with good social conditions.

With this ideal in view, the State should interfere

most sternly when any privately owned land is below the average level of productivity of the district. In the case of land farmed by a tenant, if no improvement resulted from a cautioning, the landlord should be compelled to give the tenant notice to quit. In the case of an occupying landowner who failed to reach the normal level of productivity of the district he should also, after warning and failure to improve, have to give up possession to some one who could produce more, receiving in return a reasonable rent. In either case, the question of the productivity of the land should be decided on publicly given evidence on oath, and before a jury, if demanded. As little as possible should opening be given to jobbery and favouritism, such as too often happens in similar matters.

Owners, occupiers, or districts whose areas are above the average in respect of productivity should receive rewards and recognitions.

The State should extend its present service of expert assistance and advice. It might with advantage be further popularised so as to reach those with a lower grade of education. Much more attention should be paid to the teaching of the principles of agricultural science and agricultural economics of a simple sort in rural, primary, and secondary schools.

(g) GEOGRAPHICAL

PROFESSOR H. J. FLEURE
(University of Wales)

As regards State, Labour and Capital, it is difficult to say anything without writing a treatise. One

point we have to remember is that no nation liveth unto itself and that we shall be well advised if we look forward to a working union between nations, such as, for example, an "Atlantic Fellowship," including Norway down to Spain on the one hand, and at least North America on the other. Not merely as diplomatic government.

Another point to work for is to aim, not at increase of money chiefly certificates of debt owed by somebody, but to aim at a healthy population with scope and opportunity for new ideas. That will lead us to reclamation of our waste lands (by wise afforestation in part), under, I hope, regional rather than State control. Thence we can go on to water power (but only thence, for without reclamation our streams are too intermittent) and industries of many kinds under new social conditions. The new conditions in such areas will react favourably on conditions in our slum-towns.

I look, then, with some hope to increased State power exercised regionally, and leading via an uplift of the real country population (who feeds the town population) to a discussion of the problem of Capital and Labour on a higher plane.

GENERAL VIEWS

(a) SOCIOLOGY

SIR EDWARD BRABROOK, C.B.

MRS. VICTOR V. BRANFORD

MISS B. L. HUTCHINS

H. G. WELLS

(b) PSYCHOLOGY

DR. HAVELOCK ELLIS

M. W. ROBIESON

(c) LOGIC

W. ANDERSON, M.A.

(d) PHILOSOPHY

(1) *Æsthetic*

L. MARCH PHILLIPPS

(2) *Moral*

DR. BERNARD BOSANQUET, M.A., LL.D, D.C.L.

(e) RELIGION

HON. AND REV. JAMES ADDERLEY

REV. WILLIAM TEMPLE

(f) ART AND CRAFT

C. R. ASHBEE, F.R.I.B.A.

T. RAFFLES DAVISON, A.R.I.B.A.

A. J. PENTY

(g) LAW

SIR ROLAND K. WILSON, BART., M.A., LL.M.

(h) POLITICS

(1) *Democratic*

G. K. CHESTERTON

EDWARD CARPENTER

(2) *Republican*

DR. ARTHUR LYNCH, M.P.

(3) *National (Ireland)*

GEORGE RUSSELL ("Æ.")

(a) SOCIOLOGY

SIR EDWARD BRABROOK, C.B.

The relation of Labour and Capital after the War was considered by the Committee of the British Association of which Prof. W. R. Scott was chairman, and is discussed in their Report. (See "Labour Finance, and the War," edited by Prof. A. W. Kirkaldy, 1916, p. 308 ff.) It was the opinion of that committee that, immediately after the War, those relations are likely to be strained. "If there should be a boom in trade, it would be followed by a period of years of constantly falling prices. . . . The standard of living is likely to become lower. The productive power of the United Kingdom will be as great as it was prior to the War; but the burden of interest on the debt will have to be met by taxation, which may be borne without intolerable hardship if there is a corresponding increase of production. This can be had if necessity stimulates industry and invention."

It is thus apparent that Labour, Capital, and the State will be faced, when the War is over, with many difficult problems. The restoration of those who have served in the Army to their previous positions in the labour market, the continued utilisation of the productive powers of those men and women who have temporarily filled their places, the renewal of industries

that have had to be suspended, the introduction of new industries to replace those in which we were previously dependent upon foreign countries, the development of greater efficiency and scientific skill in all industries, and the restoration of a higher standard of living will call for the combined wisdom, the untiring energy, the generosity, the good feeling, and the mutual co-operation of all. The common interest will demand that measures tending to the limitation of productivity should be given up, and such others adopted as will promote the welfare of the whole community.

The best policy, therefore, for both Labour and Capital is to take advantage of the good feeling and mutual esteem that the enthusiasm and the sacrifices of the War have generated in all classes by creating bodies in which employer and employed, producer and consumer, may unite in solving these difficult problems. The nation might thus become in reality a single commercial entity. A lasting peace, internal and external, might be established.

With regard to the policy to be pursued by the State, it seems to be desirable that its interference should as much as possible be restricted. The excessive powers which have been necessarily conferred upon the Government during the War might give rise to a dangerous kind of State Socialism if continued after the War is over. There may be a strong temptation to retain those large powers in the functions of the State, but it ought to be resisted, and our old traditions of liberty restored.

MRS. VICTOR V. BRANFORD

I agree with those who have pointed out the difficulty

of foreseeing the industrial situation after the War, but it seems to be our duty to endeavour to foresee various contingencies, so as to be prepared to meet them. It seems likely, owing to the greater and more varied use of women's labour, that labour will be plentiful and somewhat disorganised. On the other hand, a higher standard of living has become prevalent among the working classes, owing to the war conditions, and, unless the length of the War and difficulties of supply reverses this state of things, this should tend to prevent general reductions in wages. Further, capital has been very largely invested in factories turning out war material, which presumably are capable of being transferred to peaceful industry, and which it will certainly be the interest of that capital so to transfer, therefore we can look forward to a large demand for labour. On the whole, therefore, the prospect is one of industrial struggle of a somewhat pronounced kind between the various interests involved, since this is our traditional way of settling these matters.

As regards (1) (c), the question appears to embody what is, under the present condition of things, the protectionist fallacy that the nation is a single commercial entity. Under our competitive system, however, if we make this assumption, we shall soon find that we are handing over not only the consumers but the bulk of the producers (*i.e.*, the working men concerned in industry) to rings of capitalists continuing to put up prices and put down wages for the increase of profits. An instance of this is the small ring that would have profited had the Government confined the purchase of the enemy estates in Nigeria to British subjects. This would have assumed that the nation was a commercial

entity, but the profit would, as a matter of fact, have gone to the ring, who were putting up prices against the native producer and the public at home. We should not treat the nation as a commercial unit until we have made it a commercial entity, and we should first consider very carefully what would be the advantages and drawbacks of such a state of things which would certainly be very different from the present.

(2) This question is an invitation to the making of Utopias, an exercise far too much disregarded in this country, in spite of the noble example of Mr. Wells. We do not realise enough what kind of society we wish to aim at, or what kind we are tending to produce. Even Mr. Belloc could not rouse us to see the danger of the development of the "Servile State," but I rather think the War has done it, and that we shall have a considerable "anti-Statist" reaction after the War. But we need not only an anti-Statist reaction, but the positive ideal of co-operation instead of competition. The trade unions should determine that they will unite, not to fight capital, but to control it. With this object in view, they should insist on a general opportunity of industrial training, for boys or girls entering a factory or workshop, in all sides of the work, including some insight into the book-keeping and office-work, and a similar training for clerks and office-workers, so that all the workers in their different branches would realise their real unity and develop the guild spirit and something of the guild organisation. Then, if the trade unions, instead of looking askance upon the sharing of profits and the right to invest, insist upon the general adoption of such a system, it will be

possible for the control of industry to pass into the hands of the body of workers in each industry, and they can ultimately organise National Guilds when and as they will. For such, an industrial education, if of a sufficiently broad kind and combined with some continuation of general education beyond its present age limits, would enable the workers (using labour co-partnership to become owners of capital and credit) to pass to the control of industry and to the form of the guild system which they might prefer or find most practicable.

The capitalist is now typically (1) an investor whose interest is in safe returns on which he can count ; (2) a gambler in stocks and shares looking for increased increment. He hands over the management to a board of directors and a paid manager, who look on themselves as in the position of trustees for the shareholders—i.e., they are bound to act in their interests alone. The management of British industry, therefore, is in the hands of the "economic man" of the older economists. We are cheerfully told now that he does not exist, and this is true of any set of persons, but as trustee for shareholders he does exist and controls industry. What is wanted is to reverse the situation and let Labour control Capital instead of Capital controlling Labour, for life is more than raiment, and its interests should be supreme. Or if we go back rather to Kantian ethics, each man should be treated as an end and not as a means. It is the deliberate reversal of this maxim which is the characteristic of capitalism, no less than of slave industry. The central fortress of capitalism is the banking system, but to discuss its overthrow would need more

space than can be spared, but we should note that a system of "people's banks" is both possible (as Italy shows us) and highly desirable, for the development of labour co-partnership and for all forms of co-operation in agriculture as well as in industry.

(2) (c) The State has been essentially the descendant of the conquering tyrant who demands tribute, rather than the development of the village commonwealth or free city.

The wars of Europe, since the development of the modern State during the Renaissance period, are the best proof of this assertion. Whether the leopard can change his spots and the State its tendencies remains to be proved (probably as a human institution it is ultimately capable of such change, though not easily so), but in the meantime it would seem the wiser course to diminish the functions of the State and to substitute for the ideal of a gradually increasing bureaucracy with gradually enlarging powers of keeping us all in order, inspecting and regulating us on the Prussian model, that of an educated people increasingly able to regulate their own affairs by co-operation in various directions, not led away by politicians to scorn the "politics of the parish pump," but full of interest in the problems of their own towns, villages, and districts.

MISS B. L. HUTCHINS

(1) (a) Labour will undoubtedly suffer much, as will the country as a whole, from the loss of a large proportion of its young men. Organisation will thus be gravely weakened and prejudiced at the moment when it is most urgently needed. Industrial evolution has

been going ahead by leaps and bounds, and the less-skilled labour, aided by machinery, is being increasingly substituted for the craftsman's skill. As the woman and the semi-skilled man have either no standard, or a much more indefinite standard, of life than have the old craft unions, the position is full of danger. On the other hand, Labour will in one respect enjoy a stronger position than before the War. Reaction can at least respect the fighting man. The comfortably unthinking people, who have no idea that industrial workers do anything useful in peace time, suddenly discovered that the "British workman," the object of so many gibes, could stand between them and the German guns. If this point is pressed well home, there is no reason why Labour should not take a different, much better, and more dignified position after the War.

(1) (b) Capital will be necessary for reconstruction purposes when peace comes and trade returns to its ordinary channels, and will probably be scarce; but the last two years have shown how amazingly production can be hastened and fixed capital created when need is.

(1) (c) I doubt if any nation can stand as "single commercial entities" after the War. International relations will be closer and more highly developed, either under some system of inter- or super-national government (as I hope), or with our Allies, or some of them, in a definite league for national support.

(2) (a) The only policy for Labour is to organise and to educate the semi-skilled, the unskilled, the women, the crafts.

(2) (b) The question is not clear to me. Capital consists of money and other things used in production.

These are not self-directed. How can they have a policy ?

(2) (c) The policy of the State should be to cherish the spirit of democracy (a product more fugitive and valuable than German dye-stuffs); to shun dictators; to identify itself far more closely with the worker, the thinker, and the young. It is on these that in the last resort the nation depends; not on the rhetoric of politicians or the Press, or the brutal, *soi-disant* patriotism of the military tribunal. Our young men, dying in the trenches, or, some of them, enduring ill-usage and serving terms of lonely imprisonment as a testimony against war; our women and girls, facing bodily injury and physical exhaustion in munition-making, and every extremity of horror in nursing the wounded and the sick—these, largely inarticulate, have earned a right to speak. Into these England has breathed her soul. It is their wishes and aims that should prevail. The spirit that has been revealed in war-time might serve to re-build the commonwealth in time of peace—if only youth enough be left in England for so high an enterprise.

MR. H. G. WELLS

(1) (a) Labour will be after some fool's grievance about the C.O.'s. or such-like, under the guidance of Fenner Brockway, Ramsay MacDonald, and so forth. Labour will be sticking on points of order. Labour will be unaware that there is an economic problem. Labour will be sheep in a narrow road.

(1) (b) Capital will be scrambling back towards the old conditions in a stupid, instinctive way, under cover of an Irish row.

- (1) (c) Nonsense ! Do you mean economic ?
(2) (a) (b) (c) Think hard. . But this is Utopian.
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(b) PSYCHOLOGY

DR. HAVELOCK ELLIS

The after-war problems you raise are highly important. But I am quite unable to foretell their solution myself, and, judging from the diversity of opinions expressed, I am rather doubtful whether anyone else can.

MR. M. W. ROBIESON

I do not think I have anything to say on the first question which is not perfectly familiar to readers of the *New Age*. For the matters fall quite sharply into two parts, one general and the other particular.

The particular questions demand a specialised knowledge which I do not possess in the case of any single trade ; and the impressions of an individual about the detailed organisation of things he knows nothing about so many months hence can be of no conceivable use to anyone except himself, and even that is doubtful.

(1) On the general matter it does not seem possible to say more than that the wage system will remain throughout the War, or, at least, that it will not be abolished, but only intensified. There is no reason to suppose that the movement towards its abolition will make any progress for some years, while the general tendency to give to Labour a legal status is clearly on the increase. In the absence of anything except vague

and severely censored military and naval and economic news, opinion as to the probable length of the War, and therefore as to the extent this process is likely to have developed itself during that time, must be purely conjectural. And no man, as Plato pointed out, can let his mind descend lower than conjecture.

There is, however, a kind of prediction which is less unsatisfactory because it deals with extremely general and indeed universal conditions. About the attitude of other parties to Labour after the War there can be little doubt. They are inevitable, and, besides, signs and omens are not wanting. All the arguments that have been used during the War to maintain and to strengthen the essential features of the capitalistic organisation of industry will be used afterwards for a like purpose. A trade war, we are informed, is to follow; and it is significant that the most prominent organs of the Press, especially in the provincial districts where labour trouble was always present and more or less in the public mind, have not ceased to remind us that the second war will not be less important, and will equally demand the concentration and organisation of national forces and energies. No one except a section of the working classes seems to have failed to note what this means. Similarly, there can be little doubt that the general effect of the War on Capital is its consolidation. We have passed the period of competition, and entered that of integration. Judged by the familiar standard of maximised production, this is a really great advance. To consolidate a man's force is to strengthen his hands against all his enemies. Unhappily in this case the greater of these is Labour,

The condition of the nation as an economic unit is a much more subtle point, and the factors which determine it more complex and less calculable. The type of economic organisation, I should imagine, will not be dissimilar to that of Germany before the War. There is, however, as yet no evidence that it will ever possess anything like the same efficiency. Our employing classes do not themselves, it would appear, possess any public spirit to speak of. And there is no relatively independent and sufficiently powerful military organisation to compel them. Can anyone imagine an English syndicate warned off the exploitation of a district like East Prussia because the General Staff thought its undisturbed condition worth ten army corps? And so even from the narrow point of view of the size of the National Income, consolidation of Capital may not mean so much. The criterion will be the handling of the demand for protection. Assuming for the moment that the employing classes are charged with the responsibility of ensuring the security of the State and making it wealthy (for this is their apologia for themselves), there is a certain, though limited, use of the instrument of the tariff which might further that end. But if within that artificial wall the employers preserve the antiquity of their methods, and the narrowness of their aims, and neglect the endeavour to apply the best scientific knowledge to the improvement of technical processes except in so far as they can see that it will increase next year's profit some thirty and some sixty and some a hundred fold, by this thing we shall know them for what they are. The absence of this would not, of course, alter even a little the fact of exploitation. But its presence

which is, I should think, almost certain, would proclaim the stupidity of the system from the housetops.

There is one other point. I have assumed that the State theoretically preserves the attitude of the disinterested spectator, which is its tradition. It may alter this, and regard industry as a national function it should control and direct. Everything depends on the seriousness with which it adopts this principle. It may interpret it as a command as of divine right to keep the working classes in order, lest peradventure they destroy the fine fabric of an orderly and productive social life. That this inspiration may enlighten it seems probable, and it will not be disobedient to the heavenly vision. Or, again, it may even remember that to the bargain there are two parties, and that, whenever convenient, it is the other which claims to have assumed the responsibility for industry. Responsibility, as has been pointed out in selected instances, involves duties as well as rights. Therefore the State may (as the Germans did) subsidise and protect certain industries only on conditions: it may supervise them, mark out the lines of their policy, and exact a standard from them. The imperative necessity of doing this should be clear to the lowest strata of thinking minds. Its incompatibility with the wage system should be no less obvious, and the mere conjunction of the two must produce one of two things. What these are is not doubtful.

(2) About the question of policy I find the same difficulty. The general things are familiar; of the particular I am ignorant. Only the strengthening of trade unionism offers any hope to Labour of permanent deliverance. The great difficulty is to preserve

the purity and certainty of its aim, so that it does not wander off into by-path meadows, where the chains are more firmly fastened on it in its slumbers. There does not seem to me to be any necessary reason why different unions should not adopt certain different measures in detail, according to circumstance. I think it is possible to lay down a general criterion whereby the acceptance of concessions may be judged. The most obvious and certain policy for Capital to pursue is to offer the unions almost anything they like—higher wages (up at least to the level of "economy"), shorter hours, a surprisingly complete control of the workshop, and so on—in return for the abandonment of the right to strike. Therefore, provided that this right is retained untrammelled, I should say it does not matter greatly what concessions the Labour movement accepts. They will make for happiness if not directly for virtue (like the things Kant would have us do for other people), and they can cause little damage at the worst. But the chance of getting them is negligible, if the conditions be not forgotten.

I should like to add that I think this supplements what Mr. H. Belloc has to say about the maintenance of the principle of freedom in discussing the report of the Garton Foundation in a recent number of the *New Age* (Vol. XIX., p. 606). The defect of his article (with the general argument of which I agree) seems to be that it provides no criterion whereby we can judge whether the two principles he mentions are maintained in their connection and the superiority of the principle of freedom is duly asserted. I confess that I have never been quite clear as to Mr. Belloc's constructive views; but I should think it was certain

that, if modern industry is to develop into anything whatever except the Servile State, it is essential that the right to strike should be maintained in its purity. If that disappears, nothing can be saved from the wreckage. So long as it remains, dispossession is not yet legalised, and the way of salvation is open to all.

To refer to the best policy for Capital is ambiguous. If it be meant that the factor of production called capital should be reorganised because the present ways of using it are wasteful almost beyond belief, nothing in general can be said except that this should be done. If, on the other hand, it be asked how the present possessors of this factor should deal with a situation peculiarly advantageous to themselves, again the answer is easy. It is the contradictory opposite of that which is given to the question about Labour, and the gentlemen in question, not being in business for amusement, are in need of no information on the point.

I do not myself see what the State ought to do after the War but as little as possible. Let it recognise that at least in recent times it has become an organ of social life whose sole purpose is to maintain order and justice so far as this is possible through a typical system of government, and permit the other organs to perform their functions unhindered. Then we shall perhaps hear less of the duty of the citizen to the State (when something else altogether is meant), and more of his duty to the other organised groups among which his lot is cast. Of course, I am far from claiming that the effect of this would be to alter very greatly the common conceptions of the functions the State performs. In particular, it seems to be one of the supreme

conditions of justice that the State should possess certain instruments of production, and entrust to other groups their administration in the interests of the community, taking measures to see that this is duly carried out. This, I think, is an indication of the way in which we should conceive the relation of the State to the economic order.

(c) LOGIC

MR. W. ANDERSON, M.A.

(Glasgow University)

(1) It is, of course, a scientific commonplace that what we can find out about Nature depends on the questions we put to her. But to put the right questions is more than elsewhere necessary where we are attempting to deal with human society, and our object is prediction. Not the least of the difficulties in such prediction is that its verification in events is usually little more patent than the original analysis on which our questions were based. In short, it is extraordinarily easy for people to live through the greatest social changes without noticing any particular differences, or only feeling them so vaguely that many wrong reasons are as likely to be assigned as the right one. All that seems to be possible in the way of prediction is of this sort: *if* you consider such and such a thing (for example, social freedom) to be important, here are the practical issues which you will have to face.

This being so, I have some difficulty in dealing with the questions which have been addressed to me.

There would seem to be two quite distinct conceptions underlying the questionnaire, and when these are clearly distinguished I do not think that the terms of the questions remain the same in both cases, nor that all the questions are equally instructive. From the one point of view, the members of the "Social Trinity," as it has been styled, are regarded as *functions* or organs, co-operating in the production and distribution of wealth, which is impossible if any one of them be absent. From the other standpoint, Labour and Capital are *classes* or interests, while the Nation and the State are things of a different order altogether; the point of interest in the relations of these entities being now that of the conditions of social freedom. To give point to the questions, I shall assume that it is in the latter sense that they are put. But it must be borne in mind that any prevailing public acceptance of the *former* point of view would be a determining condition in the answer we could give to these questions, regarding them from the latter standpoint. This occurs, for instance, when people regard such a thing as a strike as a case in which those entrusted with a certain function divert their attention from it to their claims upon society.

(a) By "Labour," then, we shall understand the proletarian class, a social status which can only be "improved" by its disappearance. The most relevant condition here seems to be the cumulative effect of the conditions imposed by the War upon industrial life itself. So far, then, as habit and precedent are effective in determining the industrial conditions of working-class life and organised activity, it appears that the basis of its action is by way of being changed

and restricted for the future. The legal recognition of the right to strike, in any effective sense, is in serious danger of disappearing, and this more than anything else concerns the status of the proletariat. War conditions, in fact, have only expedited the operations of a tendency by which the maintenance in effect of general principles of this sort in social and industrial dealings has been more and more discounted. Nor have those developments, by which questions of representative government within trade unionism itself have assumed an importance equal to that of their activities in industrial bargaining, revealed any tendency by which such principles are made more definitely regulative—rather the reverse. This general shifting of emphasis will be all the more confirmed if at the close of the War a large number of industries are under "Government control," which, again, while it may contribute to greater military efficiency, and may see us through the War, leaves exploitation as real as ever it was, and the proletarian status just as before. Still keeping to the factors of custom and precedent, we must, I think, recognise in the influx of women into industry a further contribution to the same general result. And here, I should say, the determining factors will clearly be seen to be concerned rather with women's standard of life in the widest sense than to consist in the mere fact of their adding numerically to the available sources of labour. As against all this there is to be put the consideration that, in the sphere of national human motives, the idea of "ancient and undoubted rights" has probably a stronger influence in the class-action of the proletariat than elsewhere; it is less affected by the sophistry of "progress."

(b) The War has imposed necessary conditions of maximum production upon industry. It would be absurd to attribute this to the creative power of Capital. We must not simply take the business man—at his own valuation—as a super-Prometheus. Capital is just as traditional in its operations as any other social force. But Capital has adapted itself to these conditions of maximum production, so that it can more readily preserve itself by the maintenance of these conditions after the War than by any possible reversion to the previous position, whatever difficulties, chiefly in the way of labour “organisation,” the latter alternative may be supposed to avoid. The factors mentioned above in the situation as regards Labour are of decisive importance here. The position is all the more favourable in that schemes of reconstruction are called for. Such a state of affairs is the paradise of the “projector”; plans for industrial peace (of the churchyard sort—for Labour), business organisation, the “economic emancipation” of women, technical education and the like, are given a new lease of life.

(c) This is really a continuation of (b). The nation strictly does not come in here; it is not an interest. All we can mean by the nation as a commercial entity is certain firms, or certain agglomerations of capital, which are found to operate in the world market under certain conditions, chiefly of credit, which are common and peculiar to them. These conditions, in the case of British trade, have hitherto operated indirectly; they are the outcome of, and represent the advantages or disadvantages following from, that degree of stability which belongs to the national life of Britain.

It would appear to be tolerably clear that the position after the War will be that, instead of such indirect conditions, there will be definite and legislative provision, either in the way of tariffs or of bounties. In this sense it might be said that the nation *now* tends to become a single commercial or economic entity. The force behind this will have been the development of capitalistic industry itself in Great Britain, as we have briefly considered it ; and it will involve a conception of economic power different from the idea of economic advantage associated with the defence of the free trade policy. All this may well be accompanied by the perpetuation of that "Government control" by which the adaptation to conditions of maximum production was first made possible, and this seriously affects the position of Labour. Where the Government gives guarantees for the successful carrying out of certain industrial operations, it is not going to have the whole thing spoilt by strikes, and it will be impelled to strive, even by the most "conciliatory" methods, to remove the possibility even of the threat of a strike.

(2) The chief problem for the nation arising out of the War I take to be the right determination of the relations between the political and the economic conditions of its social life. I agree that the constructive scheme known as National Guilds represents a practical solution to this question which does justice to its various elements in a measure which is not attained by any other national policy which has been propounded. But it is now a question of the peculiar policies to be adopted from particular points of view. In such a case what I think is chiefly important is to

determine certain criteria, or regulative ideas, which, drawn from a general theory of the public good, can be applied as negative conditions for the action which is taken with reference to the prevailing tendencies.

Thus, (a) while the general policy for Labour is to perfect its trade union organisation, with a view to the assumption of *economic* control in industry on lines of responsibility, there are certain conditions on which the use it makes of its power should be such as to insist. These concern particularly, in view of the situation, the institutions of Property, Contract, and the Family. If Labour directs its action with a view to securing that, whatever be the industrial arrangements after the War, they shall *not* be such as to involve anything of the nature of a property right in the labour of employees, shall not involve, in respect to "agreements," the declaration of contracts where there is no proper contract, shall *not* be such that they can only be carried out through a disintegration of family life, it will have done as much as it could towards its own emancipation, and at the same time "deserved well of the State."

(b) The present social order being itself capitalistic in fact and in tendency, I think it follows from what I have just said that the only policy I could recommend would be addressed to individuals, and not in their capacity as capitalists.

(c) I feel that, as regards the industrial situation, what would best express my attitude here is the old formula, "*Laissez faire, laissez passer*," though it might need some reinterpretation. So far as this question may be supposed specially to refer to the legislator or politician, the chief requirement would

appear to be that he be on his guard against class-legislation, and be ready to look for it, even where it is least expected, and where the common advantage is most loudly proclaimed. In particular, there will be the greatest need for precautions against spurious contractual legislation based on unfounded assertions of social equality. If we hear a little less from those that think and act politically about the equal privileges of Capital and Labour, it will be all to the good. If and when the State cannot act without making such false assumptions, let it refrain from acting at all ! But there are some questions of statecraft for the close of the War. Perhaps the chief is the question of Federal Government. Again there will be every reason for the State taking the steps considered appropriate to it in the establishment of a " guild " system of organisation in the teaching and medical professions.

(d) PHILOSOPHY

(1) *Aesthetic*

MR. L. MARCH PHILLIPPS

I am asked to express an opinion, for what it may be worth, on the industrial situation which may arise after the War, especially as it may be expected to affect the relations between the worker and his work.

Let me state the main conditions of the problem as it exists at present ; the answers to the above questions will then occur of themselves.

Fifty years ago a very important discovery was made. It was found that the happiness or unhap-

piness of the worker proceeded out of the work he was doing. Hitherto it had been thought that his happiness or unhappiness depended on the amount of pay he received for his work. It had been tacitly assumed that, however degrading and brutalising the work itself might be, it could be ennobled by the amount of money paid for doing it. This was now shown to be a mistake. Work of a certain order, work which exercised and developed the better faculties of a man, his imagination, his power of thought, his emotion, was a source of felicity ; work of a purely mechanical kind, which exercised the hand but not the mind, was a source of misery. Wages, money, in no way affect the question, for they do not alter the character of the work itself.

It was an immense discovery, for it put in our hands the clue to our national happiness or unhappiness. We are a nation of toilers ; for the vast majority of us, life is work. And this work, which is our constant occupation, is, day by day and hour by hour, distilling into our lives the misery or happiness with which it is charged. There is no evading the issues at stake. If it is true that the age is mechanical, and that modern society seems pledged to that kind of production, so also it is true that out of that kind of production can arise nothing but debasing and brutalising effects. If it is unthinkable that man should change his methods, it is also unthinkable that he should persevere in methods which can produce nothing save endless and hopeless misery. Which of these is to win the victory—the concrete fact or the abstract truth ? The majority, of course, back the fact, for they ignore the mental processes which change facts. But those

addicted to the practice of thinking have always maintained that truth would prevail—not so much, perhaps, by the attraction it exerts as the intense discomfort it inflicts on those who outrage its laws. The whole aspect of modern Labour, the homes it breeds, the loathsome aspect of those districts which it has made peculiarly its own—nay, the very expression and demeanour it engraves on the persons of its unhappy votaries—testify to the reality of this discomfort. Such effects are a process of education. People who are not to be drawn by the joy that is in the truth must be goaded by the misery that is in the false.

The issue lies between a false usage heavily entrenched in practice and a permanently true ideal which at present can get no grip of life. The question asked is what influence, if any, the War is likely to exert on this issue. In my opinion, it must exert an influence powerfully favourable to the true ideal of labour, and one which will tend to give it the grip of life which it lacks. My reason for believing this is simple enough. The most obvious and salient fact in connection with what, for briefness' sake, I may call guild labour, is the strict alliance which exists between it and the spirit of liberty. The four centuries from 1100 to 1500 embrace the rise and decline of the impulse which started this country upon its career as a free nation. They embrace, also, that mighty movement in art and craftsmanship which not only inspired the creative Labour of the country with so marked a vitality of its own, but reacted so powerfully and beneficially on the minds and lives of the workmen themselves. Similarly, the four centuries

which have since elapsed from 1500 to 1900 not only witnessed a general decline of liberty in Europe, but, keeping step with that decline, witnessed also the extinction of vitality in art and craftsmanship and the gradual deterioration in mind and character of the working classes.

These things are almost too familiar to bear repetition, but they must, in a juncture like the present, when our national ideals are on their trial, be carefully borne in mind. No fact is written more indelibly across the page of history than this, that the growth of liberty is followed instantly and inevitably by healthy conditions of self-controlled labour, while the decline of liberty is followed as inevitably by conditions of servile labour. These, of course, are natural consequences, and imply merely the extension of the spirit of liberty or the spirit of servitude which exists in the community to the sphere of Labour generally.

If the reader will dwell on this connection, and observe how consistently it is illustrated by historical testimony, he will perceive that any event, or struggle, or crisis of any kind, which quickens and strengthens the spirit of liberty, is bound by that very act to stimulate a system of self-controlled Labour. Everything in this matter depends on the vigour of the sentiment of liberty among the people at large. Given that driving power, it cannot fail to make its influence felt in what, to the mass of the people, is the all-important department of their lives. On the other hand, no schemes or suggestions, however truly thought out, are of real value without that driving power. Perfect in themselves though they may be, they cannot get way on without the breeze of liberty to fill their sails.

These considerations granted, the reader will be able to answer the question we started with for himself. This War is a war of liberty against tyranny. Prussia has drawn to her leadership the States or potentates which favour the tyrannic ideal. The Allies have rallied to a common cause the peoples which favour the ideal of liberty. Can anyone, who believes that the forward march of humanity lies along the road of liberty, doubt that the ultimate issue of the struggle must result in a universal quickening, commensurate with the sacrifices involved, of the principle of liberty throughout Europe? What before the War was an oppressed and blind instinct among European people will, I think, after the War, become their acknowledged ideal and the recognised bond of union between them.

But if this is to be so, then the effect of this upon all the work that men can do, whether we call it art, or craftsmanship, or simple industry, will follow of its own accord.

The fundamental facts of the situation may be recapitulated thus :—(1) Self-controlled Labour is essential to the health and happiness of a free people. (2) Going, as it does, hand in hand with liberty, it is instantly stimulated by any influence which stimulates liberty. (3) The present War is emphatically such an influence.

(2) *Moral*

DR. BERNARD BOSANQUET, M.A., LL.D., D.C.L.

(1) I am convinced that the " Manchester " doctrines, in relation to international problems, so far from being disproved, have been absolutely established by recent history. The reliance on the principle, " Your gain is

my loss," acted on by all Protectionist States, and constantly threatened to be acted on by ourselves, has caused the competition for exclusive markets and the jealousy that has led to war. I am not against a reasonable constructive "national" policy; but I believe that, if we revert to exclusive and exclusionist tactics, we shall sow the seed of future wars *ad infinitum*.

(2) Both for peace between nations and for happiness at home the real guarantee is organisation at home. In general, the hindrance to organisation seems to me to be the suspicion as between Labour and Capital. The root reason of this I take to be the social stratification of England, and the radical cure to be education for all on the same benches, some continuing it longer and others less long, according to capacity. An immediate palliative would be the *real* recognition of Labour in management of concerns, and the employment of loan capital at fixed rates rather than dividend-carrying shares.

(e) RELIGION

HON. AND REV. JAMES ADDERLEY

I think that the War has brought home to the conscience of the nation :

(1) The utter breakdown of the private profiteering system when the nation is faced with a crisis.

(2) That long before the War we were (and again after the War we shall be) in quite as critical a condition as in August 1914.

(3) That the war of commercial interests is at least

as serious as any war between nations, and that there are national enemies, such as discontent, injustice, sweating, slums, ignorance, etc., quite as terrible as any Germans.

(4) That there is a quite extraordinary power for good in a united nation, a unity of classes, etc., which has become a very real thing during the War, and must not be allowed to subside.

(5) That it is industrial co-operation which we need quite as much as political. That it is foolish for the State or Capital or Labour to organise separately and keep up feuds which have largely lost all meaning.

Though I am not the person to suggest any detailed plan, I most earnestly hope that social reconstruction will be taken in hand in a spirit of honest co-operation, and with a desire to let many bygones (especially verbal ones) be bygones.

I own to being attracted by many points in Lever's profit-sharing if it could be made really democratic and the State, Labour, and Capital be allowed to have a real say in what is done; the State, as an outward political agency, having the least possible and the other two the most.

I think that the whole of our educational system requires immediate overhauling and dealing with apart from religious controversy.

REV. WILLIAM TEMPLE

(Hon. Chaplain to H.M. the King; President of the Workers' Educational Association)

The original Gospel was a proclamation of the nearness of the Kingdom of God on earth. In founding

that Kingdom our Lord based His action on two kindred principles—Freedom and Fellowship. In the Temptation at the beginning of His ministry He rejected the only three ways there are of governing men's conduct without first winning the free devotion of their hearts. His Kingdom is not of this world ; which does not, of course, mean that it is not to be realised on this planet, but that it is of another fashion than earthly kingdoms. They rest on the exercise of authority ; our Lord's Kingdom, in distinction from them, rests upon the appeal of love expressed in service and sacrifice (St. Mark x. 42-45). Christians may reasonably infer from this that the one thing indispensable to the perfected civilisation for which we are looking will be the acceptance as the fundamental principle of free personality, which must on no account be violated.

When we turn to the actual conduct of industry to-day, we find that for the working hours in most firms the employees are in effect treated not as persons but as hands. They are not consulted about the policy of the industry, even where it affects themselves closely. These things are determined by people whom they may never have seen ; often their only way of securing attention is by threatening to hold up the industrial process altogether with a strike. They are in one sense free to come into the industry or to stay outside, but that does not amount to much, for the alternative to going into some sort of industry is starvation. They are free in a measure when working days are done, and can spend what energy they have left, and what money they have earned, as they choose. But within industry itself they are not free persons ; they are " hands." They are part of the economic equipment, a living

part of the plant ; " Chattels with life in them," which is Aristotle's definition of slavery. Those, then, who believe that all society should be permeated with those principles upon which the Kingdom of God rests, will desire first and foremost to give to employees the position of real persons within industry, which must at least involve their having some measure of control over the industry so far as it affects themselves.

But if this were the only principle involved, chaos would be the most probable result. The Kingdom rests upon another kindred principle—namely, Fellowship. Freedom is first respected and then used ; authority in the Kingdom does not coerce, but neither does it abdicate. It seeks to win men and to hold them in the one way in which men can be won and held—namely by showing love. When our conduct is determined by the consideration that such and such an act will give pleasure to another, it is that other's pleasure which controls our conduct, and yet we never feel in such a case that our freedom is one jot diminished. The principle of personality must be supplemented by that of fellowship and mutual service, and only so far as this supplementation takes place can it be safely made the basis of our action. This means that what we want first and foremost is to realise the actual truth of the situation with a new vigour. The three elements in industry—capital, management, and labour—do in fact co-operate ; industry cannot go on for a moment without that co-operation. If, then, the people who represent these three elements find themselves in antagonism, it must be because their present attitude to the industry is somehow wrong ; and the way in which it is wrong appears when we ask ; What is the motive of

most men going into industry? Nearly always we may say that the motive is to gain something for self; the object of the whole enterprise for those engaged in it would seem to be the profits of Capital and the wages of Labour. Because attention is concentrated on the material goods that may be obtained, division arises; for at any given moment the material goods are limited in amount, and if one party gets more there is less for the others. But industry does not exist to supply capitalists with profits, or labourers with wages; it exists to supply the community with goods. If men's minds were fixed first on this, and industry were organised in such a way as to express this truth, the greater number of our difficulties would be solved. When men think first of the community, and of that which must always be its only secure foundation—namely, justice—and care for the community more than for themselves, and for justice more than for gain, our troubles will be very nearly over. When men “seek first the Kingdom of God and His justice,” the distribution of material goods will come right of itself.

If all this is true, it would seem that the Church's function in relation to these problems is to discover that ordering of society which most fully embodies these principles, and to support those who seek to establish such an industrial order. But it will also be perpetually insisting that no industrial order by itself will give us what we want. If it is true that the institutions under which we live largely shape our characters and motives, it is equally true that they are the expression of our characters and motives; and the matter with which the Church must first be concerned is to keep the spiritual orientation right; for as long

as men are selfish they will work any institution in such a way as to produce disunion and faction. To me personally it seems that the scheme which goes under the name of Guild Socialism or National Guilds is that which most adequately embodies the principles of which I have spoken ; but just because it does this, it will break down unless those who work it whole-heartedly believe in these principles.

(f) ART AND CRAFT

MR. C. R. ASHBEE, F.R.I.B.A.

Your questions as phrased really admit of no answer. The industrial situation, and the policy to be pursued in regard to it after the War, depend upon the issue of the War. On the hypothesis that we win, there is one answer ; on the more probable hypothesis that the War is a draw, in which both sides save their face, there is another answer ; the third hypothesis, defeat, no Englishman could entertain. I shall assume the more probable hypothesis of a draw.

(1) (a) Labour will for many years have to face a formidable reaction. Only such labour as is organised will be able to assert itself, and only such labour as shows intelligence and a broader outlook, and that can throw up leaders to voice the new idealism, will have any chance of success. I have been led to this conviction from observing the relations between Labour and Capital in the United States : *e.g.*, in the conferences convened by President Wilson three years ago, where the representatives of Labour seemed to me to show more power and vision than the representatives

of Capital. The re-election of the Democratic Party, essentially the party of Labour, as against the party that represents the great trusts, is evidence of this. One of the disappointments of the War to thoughtful men in England is that Labour has so far thrown up no leaders of power or imagination. Nor has it formulated any policy of its own. Labour after the War will have to start thinking ; it will have to shape a new ethics, and not be content with the old catch-words and cries of higher wages, shorter hours, and better working conditions. Labour has needs that go deeper than this.

(1) (b) Capital will be considerably reduced, in many cases by 25 per cent. to 50 per cent. of its pre-war market value, in some cases wiped out altogether. It will in self-defence seek to co-ordinate, to avoid internecine competition, to follow the American and German lead of making pools, trusts, and combines, and the advantage of such co-ordination is that it brings brains to the top.

Both Labour and Capital will have learned by the conclusion of the War that all the old values are changed, that all the old policies must be reformulated, and that there has, both in the ranks of Labour and Capital, been a great shifting and changing about of wealth : *e.g.*, munition-makers, shipbuilders, farmers, the makers of cheap jewellery and of photographic apparatus, have done well ; architects, builders, farm-labourers, corrugated iron makers have done badly. The reasons for this have to be studied. It is often wrong and wasteful that it should be so, and it is not enough to babble of supply and demand, and assume that in doing so we solve the ethical difficulty.

The assumption often made by Labour that Capital is always a hostile force to be fought and defeated is as unethical and stupid as the assumption made by Capital that Labour is and always should be marketable.

(1) (c) The nation as a single entity. By this I presume you mean Great Britain and the self-governing Colonies, but not the Dependencies; or do you only mean the United Kingdom? If, as I assume, the former, it will undoubtedly be drawn more together; some Imperial reconstruction on the lines of the *Round Table* seems to me to be inevitable, and of this reconstruction Ireland is probably the key. We are bound to listen more to the Colonies and to the Colonial Labour point of view, and, above all, we are bound to reconsider the whole question of English agriculture and the sweated labour on which it at present rests. This question, the great town constituencies, the landed interest, and the socialists have each in their way consistently burked. If the nation is to act as a "commercial entity," it must have some way of feeding itself other than the present wasteful and life-destroying way. It cannot have such a plan without first considering its actual food producers. Such are neither the capitalist farmers nor the landed gentry, though each may have their place.

(2) (a) If such is the forecast, what is the policy to be—always on the hypothesis that the War is a draw? We shall have learned that war is a matter of mechanism and the control of mechanical power; we shall have learned that, whether in war or in peace, the limitation of this power, how it ought or ought not

to be used, is an ethical question. New capital is, owing to the vast resources of mechanical power, comparatively easy to create ; but much of the product, as well as the using of this power, will have been shown to be wrong. We see, for instance, how monstrous is the folly of spending five millions pounds a day in war when the technical schools of our country have to be shut up and labourers' cottages cannot be built because a grant of half a million a year cannot be made. We have found out the stupidity of the arguments we were faced with before the War as to the relative importance of housing, clean cities, education, and preparedness. We shall have learned, because of the success of the Germans in the War, how important all these things are. But we shall also have found out that machinery must be controlled, that there is a boundary-line between the things that ought and the things that ought not to be made by machinery, and that workshops and factories must be ordered according to that distinction. The new objective must be to socialise mechanical power, and in order to do that we must find out how much of that power is "righteous." It has been the false assumption of socialism—what I would call the Fabian-cum-Sidney Webb assumption—that it is not necessary to make any such distinction, that all things can be made in factories, or adjusted by municipalities, irrespective of whether they are good or bad in themselves. What form this control of mechanical power is to take is a matter of adjustment, first in the workshop itself, and then in the co-ordinated workshops and factories throughout the country.

The new policy for Labour should imply such a co-

ordination as against the old competitive methods or the old internecine quarrels—a reconstruction on guild lines. In the trade unions we already have types of guilds dealing with the great standardisable industries, of “quantitative” production. But Labour also needs the “qualitative” makeweight. It needs guilds for all the other occupations of man that are not standardisable: *e.g.*, agriculture, that moves according to the seasons and not the factory bell; the arts; the personal or human occupations; the things of the home that cannot properly be carried on in factories, and that have in an industrial society to be protected against destructive mechanism, or mechanism used anti-socially in the interest of individuals. Labour instinctively knows that there is a right and wrong in mechanical production, but so far has not seen its way through. The War, however, has brought us to the end of the experimental stage in many of our mechanical productions. We now know that many of them are wasteful, harmful, or unnecessary. It should be the policy of Labour to see that the machines that make these things are taken out of private and put under group control, and their “righteousness” tested. Further, Labour needs a new land policy in the real interests of the labourer, and this policy should be combined with one for the establishment throughout the country of small co-ordinated experimental workshops, where power is only used under group control, and where good standard work can be produced. Lastly, use should be made of us artist craftsmen who have for the last twenty-five years been experimenting in this line of work. We should be given a chance of putting our practical experience at

the service of the community. The Art Education of the country should be put unreservedly in our hands, and, in order to do this, the existing art schools should be decentralised and turned into productive guilds for the creation of work of high standard only, and made up of men and women working under endowment, much as endowed scholars work at universities, supported, if need be, on a minimum wage.

(2) (b) The policy for Capital, since it must also be touched by the new ethics, should be to "place itself intelligently." The great fact to be learned from American industrialism is that "Big Business" is being more and more managed by the highly paid expert manager, and that the owners of businesses are becoming moneylenders rather than owners. The wise policy for Capital will be to increase the skill and the payment of the expert, and at the same time to split up the few large moneylenders into a multitude of smaller ones, much as the steel magnates have been doing in Pittsburg. But the "placing of capital intelligently" must mean that investment must be sought less, as of old, in industrial exploitation abroad than in qualitative production at home: *e.g.*, in such an agricultural reconstruction as I referred to above, and with it all those human avocations that make for quality and personal excellence in the product and in the producer. If Capital consistently did this, it would be less subject to attack from Labour. There would be an ethical co-operation between them. With such a reconstruction we should have a system of Raffeisen banks based on the personal honesty of individuals, guaranteed by their respective groups, and not only, as now, a banking system resting on easily

marketable securities, by which the little man gets no chance.

(2) (c) The policy for the State, or, let us say, the Empire, in which case I prefer the *Round Table* title of the "British Commonwealth"—should be to adopt unreservedly the new ethics of standard of quality in product and producer in regard to its citizens. The State or Commonwealth needs fine men and women—nothing else. A policy of standard within the Commonwealth necessarily means the tightening up of all material and political ties among the English-speaking communities. To achieve this it must secure the peace of the world. This world-peace, it seems to me, will be best brought about by the development of a league such as is outlined by the American "League to Enforce Peace," with the British Empire as one of its constituents—a League, therefore, that is not formed in the manner of the old Balance of Power, or having as its object the exclusion or crushing of Germany, but of making war more difficult in the future.

Permanent peace once achieved, free of the militarist incubus that has weighed on us for forty years, the State's policy should be to free the individual from the machine, and from conditions under which man enslaves his fellow-men with the aid of machine power. Further, the State should give him every possibility for forming new groups that may bring this about. The War has had two curious results—it has shaken our belief in the State, and it has made us doubt the final righteousness of nationality and patriotism as guiding principles of conduct. The new policy for the State must consider the larger life outside the nations, and give more scope to the

individual, through whom alone the larger life can be attained.

MR. T. RAFFLES DAVISON, HON. A.R.I.B.A.

(Editor of *The British Architect*)

The questions as to what will be the industrial situation after the War, and what should be the best policy to be pursued in regard to it, invite us to take so much for granted that I doubt whether any replies can be given which would meet with general acceptance.

Before dogmatising as to the conditions after the War, we are bound to consider the possible issues of the conflict. No brave or hopeful citizen of the British Empire surely desires to argue about any situation which does not include a real victory for Liberty, Progress, and Right. A drawn War would be a victory for our enemies. Are we, after all we have given and endured, to be asked to contemplate a victory for brute force over reason and justice? The breakdown of civilisation is terrible to contemplate as it is, but can we face the horror of a world entirely governed by the principles and aims of a German domination? If our enemies were not conclusively beaten, half the world would be taught that the higher nature of mankind may be ruthlessly and remorselessly outraged. In the face of such a lesson how should we begin to plead for an appeal to common sense and justice as between employers and employed, and put an end to the misery and loss which are caused by strikes, lock-outs, and all the other foolish conflicts of right against might which deface the history of Capital and Labour?

At no time have I felt able, and less now than ever,

to discuss with any show of interest the purely theoretical and academical problems of life which leave out of sight the fundamental realities of humanity such as govern the whole actions of mankind. We all learn at school some of these realities, and a careful study of the bully in our schooldays might well guide us in our later life. I would therefore ask if we can really hope to take this hydra-headed monster of bullying by the throat and give it something of a death-blow? I read some time ago a sharp lecture to working men by Mr. Bart Kennedy, in which he adjured them to try and get hold of the right sort of tyranny, for some sort of tyranny they might be perfectly sure they would have. If I remember rightly, he said the worst sort would come from themselves, perhaps through trade unions. But he claimed that the history of the world had proved that chains of some sort were inevitable to the bulk of its inhabitants.

Now, if the conflict between Capital and Labour is likely to be the most serious affair our modern world has now to face, I would ask in all seriousness whether the diabolical conflict which is now being waged between some of the finest races in the world is not the greatest incentive one could ever have to put an end to the everlasting friction between the man who dictates with money and he who dictates for Labour? Should not our very first aim be to find some reconciling medium which shall bring these two conflicting forces into harmonious working? I do not know whether the man exists who could intelligently, and sympathetically, and with fair impartiality, represent the claims of Labour. The claims of Capital have far better chance of being stated clearly and with justice to the other

side. How are we ever to get these two great interests evenly and fairly brought together for the peace and welfare of the world ?

It would be the merest folly to ask those who so ably contribute to your pages to state what in their opinion constitutes true happiness or the greatest good for the greatest number. They are helpless to define it. Ask a man what he honestly wishes for his child, and see if he can tell. A life of bucolic ease ? A life crowned with fame and all its attendant hardship and care ? A life of self-denying thought and care for others to the loss of all personal comfort and delight ? A life crowned with riches and pleasure and all its enervating and certain measures of regrets ? One could try for hours to formulate a choice without reaching any honest wish. The same applies to people in the mass. Is widespread prosperity to be desired ? Are the people of any nation on the earth now, or have they ever been, an example we wish to emulate ? The most prosperous nations of the world assuredly have not the happiest inhabitants. Do we therefore wish for happiness, or do we seek prosperity ? Without a settled aim or great ideal, no people can be guided right, and until we form our ideal and work purposely for it, what becomes of all our tariffs and by-laws, our treaties and our charities, our money and our life ?

To suggest some reply to your questions it is necessary to assume that the War is won. Then the magnificent response of Labour (as fine as that of Capital) will certainly ask for a recompense in improved conditions. (Capital will, of course, have—its capital !) Improved pay will mean a better margin over the cost

of living (or it would not be improved). This will give more spending power, and therefore a better hearing in the world as to votes, etc. The rich must inevitably get richer still unless some legislation intervenes to prevent it. The ranks of industry will be enormously extended after the War, and, in addition to the large number of those coming back from the Army, there will be all the women who have done so much industrial work. It may be supposed that somehow work will be found for all, but the settlement of terms of employment will only be solved by a far-seeing and catholic judgment. Surely some boards of control could be arranged for various trades and businesses which would be representative of employers and employed, and to whom disputes should be referred or anticipated? The spread of intelligence and good feeling between classes should be assiduously promoted, but would of itself do relatively little good. Guilds, as in the Middle Ages, might be formed, but anything tending to promote close co-operations is to be deplored, and the encouragement of individuality must never be lost sight of as a corrective to the dull uniformities of a highly drilled community and our mechanical age. Guilds for the co-operation and association of those working in similar ways are only good whilst they keep an open and sympathetic eye on other branches of art or industry. You speak of the "Nation as a Single Commercial Entity." Heaven forbid, however, that such a title be largely expressive of the life of the nation and the State. Memories of our heroes of the War will leave us a heritage on which great statesmanship may surely build such a structure that industrial concerns will ever be subservient to the things which

make a people truly great, and are not measured by any ideal of commercial entity or prosperity.

Looking back to the questions, I see they remain unanswered. But we must surely all anticipate after the War a direct or serious conflict (or, may we hope, a conference ?) between Capital and Labour, both to study the new conditions and to inaugurate a practice of these great principles for which we have been fighting. And surely with the lessons of brute force driven deep into our minds we shall see the two issues clearly before us.

It is instructive to think of the problem as it affects other countries. Will the one million immigrants of pre-War days continue to flow into America ? Will the European nations place some bar on the emigration of workmen from their exhausted countries ? Will this pressure on the defeated forces in the War (if there are such) be so great as to affect largely the industrial situation ? Is the anticipated reconstruction of roads, railways, bridges and buildings largely exaggerated, at all events as regards the time during which it will be demanded ? These and other questions greatly affect the outlook. Mr. Lewis R. Freeman, in *Industrial Management* for February, says that nothing but a hard-and-fast prohibition will suffice to prevent the Germans who survive the War trying to get away from their debt-crushed and tax-ridden country. As regards America, he thinks that neither immigration nor emigration promises to be an important factor in the American labour situation, and his hopes for us are that "the very widespread spirit of mutual consideration and conciliation bids fair to bring Great Britain nearer the prospects of an industrial peace than she ever dared dream of before the War."

The virtues of discipline and goodwill which have been at work, even if unconsciously, amongst our armies are effecting an influence which is bound to bring about a new and better psychology amongst us all, and must surely lessen the menace of discord and misunderstanding between Capital and Labour. This menace still prevails amongst those of us who retain our old environment, but it is impossible not to hope and believe that the coming of peace will herald a dawn of better things, just as in nature there is a constant renewal of life and hope with the dawn of each new day.

The problem, briefly stated, is that at the end of the War we shall be confronted with an impoverished Europe. National capital will be heavily mortgaged; taxation will be enormous, burdening corporations and individuals alike. If Labour is to benefit by such a condition, it will have to be by something more efficacious and far-reaching than guilds. How can Labour benefit by guilds? The panacea so offered is of no more value than—boot-laces. The only way out is by a sincere and well-meant co-operation. The result of the ancient guilds, whatever their motives, was to improve the standard of craftsmanship. The aim of trade unions seems principally to raise wages without a proper corresponding obligation. Labour and Capital must unite to improve the output as regards quantity and quality.

We must get back to the simplest obligations of life—generous treatment by employers and whole-hearted duty to the employed. A materialistic ideal (the German), for one or the other will wreck the interests of both. This means our faith in the old and true belief

that only by fair-minded dealing between man and man, between one class and another, can Freedom and Happiness ever reign in the world.

MR. A. J. PENTY

I find it difficult to group my thoughts on industrial conditions after the War under the headings you suggest, but I will do my best to summarise my ideas in my own way.

For the moment all I can see is further disasters ahead, because I cannot discern any signs whatsoever that the people have learnt the lessons which one would have thought the War would teach them. Our national faith in materialism, with its concomitants of science and commercialism, still remains for the most part unshaken. So long as that faith remains, there can be no hope of a change for the better. This may be, of course, that for the moment we have little choice in the matter, and that, however much we may inwardly suspect the blessings of science and deplore the spirit of commercialism, we are yet compelled to make use of the one and to tolerate the other, in order to prosecute the War. When, however, peace is declared, the day of reckoning will be nigh at hand, and I should not be surprised whatever happens. To steer the ship of State over the troubled waters of the ensuing years will need the exercise of statesmanship of the highest order, and I think it is questionable whether it will be available.

There will, in the first place, be an unemployed problem of prodigious dimensions to cope with, for the demobilisation of the forces and the closing of the

munition factories make this inevitable. What should be done? Well, I think that as many of the workers as possible should be put upon the land, and, with this end in view, the wages of agricultural workers should be made equivalent to those of industrial workers. This is the one thing to be done, but such a revolution would require time to give it practical effect, and in the meantime the people would need to be fed. If the Government are wise, they will deal boldly and firmly with the food problem, or I feel sure there will be an outbreak of physical violence. Public bodies and individuals possessing surplus wealth should be urged to spend freely. Many of the Greek temples were built to mitigate the stress of unemployment. A generous expenditure of surplus wealth would get back money into circulation, and upon success in this direction most things depend.

Meanwhile, I would draw attention to another danger which threatens us—"Scientific Management." Fabians and capitalists appear to be agreed that our one hope lies in increasing the volume of production, and to this end they advise the adoption of "Scientific Management." What these wiseacres leave us in doubt about is how this increased output of goods is to be disposed of. The same people who advocate an increase of output also tell us that after the War there will be a decreased purchasing power among the belligerent nations. How they reconcile these conflicting ideas, and how any wise statesmanship is to be based upon them, I am entirely at a loss to understand. Yet these ideas are very widespread. I am meeting them everywhere. Perhaps some day, when we no longer do our thinking in watertight compartments,

we shall come to understand that the disease which has inflicted the modern world is one which might be described as "industrial gluttony," and that just as the glutton, by reason of his greed, fails to benefit by the food he eats, so a community which produces in excess of real needs (as ours does) remains poor because its organs become incapable of assimilating its produce.

The most hopeful event, I think, is the appointment of a Food Dictator to fix prices. I hope this is the first step towards the establishment of a Political Dictator, for of such our country is in sore need. Only a dictator could deal with the complex problems which our society presents. Further, the fixing of prices appears to me to be the first step towards the establishment of guilds, as it will lay the foundation on which they may be built.

(g) LAW

SIR ROLAND K. WILSON, Bart, M.A., LL.M.

The only remarks I have to make on the six questions to which you invite replies are :

As to (1) (c), I cannot for one moment think of the nation either as a commercial or (as Mr. H. G. Wells would have it) as an economic entity. The United Kingdom does not trade as a unit, nor consume as a unit. The only matters that interest me are the gains and losses, the happiness or unhappiness, of individual producers and individual consumers.

As to (2) (c), I deem that the policy of the State after the War—assuming that it ends in a peace and merely in a truce—should be as unlike as possible

to its policy during the War. In a great War such as this, while a strictly just apportionment of the necessary sacrifices is no doubt desirable, it may have to be subordinated to the primary object of beating the enemy, so as to get back as quickly as possible to normal conditions. We have to obtain the man-power, the munitions, the money, the food supplies, where and how we can, within very narrow time limits. In time of peace, with a fair prospect of its continuance, the primary aim of the State should be to see justice done between man and man within its own jurisdiction, and between nation and nation to the extent of its power and influence. And in pursuit of this aim, the less it concerns itself about classes in the abstract, whether labelled Labour and Capital or anything else, and the more it deals with individual cases on their merits, the better. But to do this effectually, very drastic reforms are needed in our machinery of civil justice, which is a matter outside the scope of your questions.

(h) POLITICS

(I) *Democratic*

MR. G. K. CHESTERTON

I hope you will not think I mean to dismiss your very important questions too crudely, if I make my answer as compact as I can. I think I could answer all six points at once by saying that, within some measurable time after the War, I think there will be either a revolution or slavery. Even the last three questions are covered; for, while the completion of

Capitalism I anticipate would be nothing short of slavery, any alternative I can anticipate would be little short of revolution. For instance, my immediate advice to Labour would be to stick to its strict rights of combining and striking ; and certainly not to sell them for any plausible and partial " participation " in management. I distrust the latter because it is in line with the whole oligarchic strategy by which democracy has been defeated in detail. The triumph of Capitalism has practically consisted in granting popular control in such small quantities that the control could be controlled. It is also founded on the fact that a man who can be trusted as speaking for the employees often cannot be trusted for long when speaking with the employers. He can carry a message, especially a defiance ; but, if he prolongs a parley, it may degenerate into a parliament. The parley of partners would be lifelong ; and I fear the Labour partner would be a very junior partner and rather like a Labour member. A complete transfer of power (whether along Syndicalist, Guild-Socialist, or Distributive lines, I will not here debate) would doubtless be a different thing ; but the completing of it, in the face of the other Capitalist purpose, is exactly where I find myself within sight of revolution. A revolution for good is always, I think, the frustration of an evolution towards evil.

I have no advice to Capital, in the sense of capitalism, except that it should declare why sentence of death should not be passed on it. But it cannot, and that is exactly the doubt and the hope. It is impossible to predict whether it will be revolution or slavery, the contrary forces are on two different planes.

I am certain the ruling classes are making chains for the people much more busily and systematically than munitions for the Army. But even in those classes, as well as in the others (thanks to a few forces, certainly including the *New Age*), there is, I think, an even rapidly increasing number of those who know what they are doing, and even hate what they are doing. There has never been less belief in the mere Capitalist among intelligent people. The riddle is, what happens to a thing when it is apparently gaining control and losing credit ?

MR. EDWARD CARPENTER

As regards (1), I do not at present feel able or inclined to prophesy.

As regards (2), I should favour something in the way of National Guilds, the State being the fly-wheel in relation to the smaller cog-wheels of the industrial groups.

(2) *Republican*

DR. ARTHUR LYNCH, M.P.

After the War I expect that we will find a situation more difficult and hazardous in regard to internal affairs than has yet prevailed.

The introduction of women's labour on a vast scale, the Military Service Act, the National Service Act, the great steps already taken in the direction of State Socialism, the fixing of prices in some cases, the limitation of output in others, the introduction of a large national scheme of education, the tendency to Prussianise—for what other word can I possibly use?—our

institutions : these are but the salient features of the industrial question that will confront us. A new era will arise. Labour will be conscious of fresh and extended horizons ; Capital will be engaged in a desperate struggle to win back its old position, in part as regards the external world, in part as regards its domination of Labour. The whole nation will be struggling, in the teeth of fierce international competition, to emerge from the horrors of bankruptcy.

The best policy to be pursued by (2) (a) *Labour* is, I think, to enlarge its programme, to make it more political, more national, and more international, to raise it from the ruck of strikes and squabbles about an extra penny an hour, while preserving the old conditions. Education should be the watchword of democracy. The Labour Party has it within its power to effect in this country a result similar to that attained in Australia—viz., to say, "We represent the bulk of the people ; we mean to take the main part in government." The Labour Party in Parliament has hitherto been subservient, timid, and time-serving ; the brains of some of their great leaders are still oppressed by the traditions of the Middle Ages, the spooks and incantations put upon them by kings and princes, ecclesiastics, capitalists ; and they have accepted all this incubus as holier than Holy Writ. The party must be born again, and endowed with more vigour, more courage, more enlightenment.

To come to definite points, it should accept military service as a democratic measure, ultimately the best protection against tyranny. It should insist on carrying out a system of education, such that the son of a dustman, if he have brains enough, may beat the son

of a duke in the struggle for power and authority. It should destroy the last vestige of prerogative, privilege, or undue influence that places one member of the community at an unfair advantage over others. "Republicanism!" you cry, in alarm. To which I reply, "Good God! can the spooks of the Middle Ages still prevail against the most glorious banner ever erected in the sight of mortal man, that of the French Revolution—Liberty, Equality, Fraternity?"

(2) (b) *Capital*. I would say that the intelligent strategy of a great industrial campaign is one thing; the exploitation of the people, reducing them to cogs of a machine for supporting and bolstering selfish interests is another. I would say to the capitalist, "Educate yourself, and toe the mark with the working man fairly."

For the rest, I would follow the line of the Dublin jarvey when his passenger ran off after paying the legal fare: "I'll lave him to Gôd!"

(2) (c) *The State*. Education, not tariff reform, should be the guiding principle. Without education, all the tariff walls in the world will be useless; with education, as I conceive it, tariff walls will be unnecessary. Give up the bragging, or braying, of Jingoistic Imperialism. Millions of men, have they been sent to slaughter, and countless homes left desolate, that we may say, "Not German Imperialism with a wicked German Kaiser, but British Imperialism with good King George?"

The only sure development of the State will be that represented by a ring of free Republics united by ties of mutual obligation, not for aggression, but for defence and peaceful expansion of all that is great in

civilisation. I have spoken in general terms only, for I have observed in Parliament that politicians usually prefer to tinker and potter on the details of systems that may be bad from the base up. On the other hand, if the conception here indicated be well taken, if the main lines of the construction be laid down, the details will suggest themselves, and will then present no difficulty.

(3) *National* (Ireland)

MR. GEORGE RUSSELL ("Æ.")

I do not think that an Irishman permanently resident in Ireland and without first-hand knowledge of industry in Great Britain, could make any suggestions of practical value towards the settlement of your after-war problems. I think the menace of the peace before us is greater than the menace of the unconcluded War. I have forebodings that the conditions of Labour a few years after peace is declared, will be worse than they have been for nigh a century. It seems to me inevitable in a social order, where Labour is regarded as a commodity like soap or candles, that the flooding of the market with labour will result in the depreciation of its price; and that, with the burdens of the War still to be shouldered and with a new dependence on food produced at home rendered necessary by developments in naval warfare, the cost of living will remain as high as it now is for a long time. I cannot reason it out, but my intuitions are to the effect that conditions will soon be ripe for social revolution, and personally I would be more concerned about the education of the leaders of the social revolu-

tion than the education of the present captains of industry. The latter will behave in the future as they have always behaved in the past. They will buy in the cheapest market and make the market as dear to sell in as they can. You should be concerned in the education of revolutionary leaders so that they will *not* behave in the future as they have in the past. But I am an Irishman and outside your social order, and my beliefs are based more on intuition than reason.

APPENDICES

APPENDICES

(a) RESULTS OF THE "48-HOURS WEEK" SYSTEM AS WORKED BY HADFIELDS, LTD., SHEFFIELD*

Hadfields first made a trial of the "51-hours" week. This system commenced on May 29th, 1891. The employees began work at 6.30 a.m. instead of 6.0 a.m.

On April 27th, 1894, Hadfields commenced the "48-hours" week. The employees began work at 7.20 a.m. instead of 6.30 a.m.

The following gives particulars of the Capital of the Company, price of shares, number of employees and wages paid, before the introduction of the "48-hours" system and at the present time (1914).

CAPITAL

		£	£
April 27th, 1894.	Debentures - -	45,000	
	Ordinary - -	90,750	
		<hr/>	
	TOTAL CAPITAL -		135,750
April 27th, 1894.	Stock Exchange Value		170,000
May 1st, 1914.	Debentures - -	Nil	
	Preference - -	300,000	
	Ordinary - -	400,000	
		<hr/>	
	TOTAL CAPITAL -		700,000
May 1st, 1914.	Stock Exchange Value		1,500,000

* These results are added by kind permission of Sir Robert Hadfield, by whom they have been revised.

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VALUE OF THE ORDINARY SHARES

		Amount paid up.			Market Price.		
		£	s.	d.	£	s.	d.
April 27th, 1894	-	1	0	0	1	6	0
May 1st, 1914	-	1	0	0	3	2	0

RATES OF WAGES for a week of 48 hours working time. Each day stands by itself. If overtime is worked, the special rate of time and a quarter for the first two hours then time and a half, commences after 8 hours have been worked.

		April 27th, 1894.		May 1st, 1914.		Increase
		per week.		per week.		per week.
		s.	d.	s.	d.	s. d.
Moulders	-	38	0	43	0	5 0
Engineers	-	36	0	41	0	5 0
Patternmakers		36	0	42	0	6 0

NUMBER OF EMPLOYEES

April 27th, 1894.	May 1st, 1914.	Increase.
530	5,980	5,450

The following statement has been made in one of the official Reports of the Friendly Society of Ironfounders: "It is pleasing to know that our Members' experience of the 8-hours day at Messrs. Hadfields' works calls forth the unanimous decision that they would not readily agree to resort to the old system."

It is important to note, notwithstanding the considerable increase both in the rate of wages and the total amount per week paid to the employees of Hadfields Ltd., that during the last twenty years the considerable betterment of the worker referred to has been accomplished not only without interfering with the financial position of the Company, but that this has been greatly increased in value.

(b) LAND POLICY

(Outlined by MR. STANLEY BLIGH, BRECON)

(1) The land is supposed to be in an unsatisfactory condition, because :

(a) Its productiveness is alleged to be lower than that of countries under comparable conditions.

(b) Some part, at any rate, is held under purely wasteful conditions, where no real productiveness is aimed at.

(c) The so-called "moral" conditions are alleged to be unsatisfactory, in so far that the landowners are wasteful and apathetic, the farmers unprogressive and inclined to take the easiest way, the labourers ignorant and underpaid.

(d) Apart from "morals," and on a merely statistical basis, the population engaged in agriculture is diminishing in numbers and quality.

(2) It would seem that from a psychological point of view not much improvement can be expected from a transfer of ownership merely as such, because all parties concerned are, in their various ways, one as ineffective as the others. On the other hand, it would appear that a system introducing the spirit of competition and attaching honour and reward to the maximum of efficiency, would be likely to produce good results. None of the classes connected with the land are at present led to think of agricultural success as a primary ambition. For instance, many landowners take more pride in successful game preserving or fox-hunting, and so agricultural interests are subordinated to sporting interests. Farmers are, on the whole, inclined to play for safety which, when translated into action, means that land is, where possible, left down to grass and the labour bill is reduced to a minimum. The labourers, with few exceptions, have so little opening for a career on the land that they tend to set their minds on the *quasi* rural pursuits not connected with agriculture,

such as the police or railway service. In order that ambition should be stimulated, generally recognised standards of efficiency are needed.

(3) The system herein advocated would therefore include :

(a) A standard of what is possible in each district.

(b) A public record of what each class of person (landowner, farmer, labourer), is doing.

(c) Pacemakers of each class in each district.

(d) Honour and recognition for such pacemakers.

(e) Pressure and social penalties for those who fall below the standard.

(4) The standards provisionally suggested are :

(a) Some unit of productiveness designed to represent its real value to the community.

(b) Some negative unit, a kind of minus quantity, for recording the state of land which might be productive, but was deliberately left unproductive, *e.g.*, for game preserving.

(c) Something in the nature of a "moral" unit expressing the psychical position of the agricultural classes.

(d) A simplified index number of land population in each district, and their average earnings.

(5) *The Idea of Units for Agricultural Purposes.*—We have now :

The British Thermal Unit.

The British Electrical Unit.

• Marks in Civil Service Examinations.

British Horse-power for Cars.

British Horse-power for Engines steam-driven.

Velocity of projectiles from guns, and many others.

These all express, perhaps by somewhat arbitrary standards, a comparison ; *e.g.*, they enable a comparison to be made between the power of motor-cars of different makes, or the value of different studies for Civil Service employment. The division of an Honours List at a University is on much the same principle.

It is suggested that the same general idea adapted to

the peculiar needs of agriculture would be effective for the purpose of comparison between one district and another. It would, perhaps, have no absolute value, but the object would be served if it enabled valid comparisons to be made in a form easily understood and generally accepted.

(6) The unit value of productiveness would necessarily be somewhat artificial, but it should be arranged to indicate the estimated value to the community of the product in question. The marking would be similar in principle to that for Civil Service Examinations. Products designed for luxurious consumption, *e.g.*, cut flowers, would receive less marks in proportion to their value than wheat or beef. It would not be difficult to get at a fairly correct estimate of the social value of most products, but the working of these out for purposes of comparison would necessarily involve considerable technical knowledge, both of costs of production and of selling value.

(7) The negative unit value intended to show the contrast between what was and what might be, would be based on the unit of productiveness of similar land in the immediate neighbourhood. A datum point for the kind of land would be fixed according to the average productiveness of similar land when under average, but not specially effective, cultivation. Then land which was left in a lower state of productiveness by deliberate neglect, *e.g.*, a gorse covert for foxes, would be registered as a minus quantity expressed in the number of productive units which it might be expected to produce, but did not.

(8) The moral unit presents more difficulties because it leaves openings for more differences of opinion. A good deal of experimentation would be necessary before it could be finally settled. It would anyway include :

(a) *For Landowners :*

(1) Invention of new agricultural methods.

(2) Money and effort expended in experimental plots.

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- (3) Schemes for housing and buildings.
- (4) Improved modes of land tenure.
- (5) Opportunities afforded to labouring classes to rise.

(b) *For Farmers :*

- (1) Degree of agricultural education.
- (2) The condition of their labourers.
- (3) Knowledge and practice of co-operation.

(c) *For Labourers :*

- (1) Average savings before marriage.
- (2) Ownership of holdings or houses.
- (3) Ownership of stock implements and crops.
- (4) Children employed in agriculture.

(9) The index number would include such matters as could with certainty be arrived at by means of authentic statistics, *e.g.* :

- (1) Population per 100 acres or per square mile wholly or mainly employed in agriculture.
- (2) Their average yearly earnings.
- (3) Women and children partially employed in agriculture.
- (4) Their average earnings.
- (5) Casual or migrant labourers.
- (6) Average earnings.

(10) Once these unit values were settled and had become the current coin of thought, it would be possible to establish valid comparisons between districts.

(11) Allowances would be made for unfavourable climatic and soil conditions, these being revised from time to time, as the pacemakers succeeded in turning what were originally unfavourable features into elements of productiveness, *e.g.*, making special uses of a heavy rainfall.

(12) By means of district competitions all classes in a district would be "roped in," and would be set striving to make their districts progressive, the landowners who wasted land on game preserving would be discredited, the

backward farmers would be removed, and labourers who made no attempt to save and better their positions would be put to shame.

(13) Prizes would be given with every element of publicity in each county to the best district in the county area, preferably in the form of a rebate of rates to be made up by extra rating on unprogressive districts. These prizes should be awarded by agricultural experts from the county itself.

(14) For competition between counties the Board of Agriculture should, through its advisers, give the awards.

(15) There should be an effective mechanism for making known in each county and district the new methods, contrivances and inventions which had passed favourable tests and proved useful in other districts.

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